Systems of Housing Supply and Housing Production in Europe: a Comparison of the United Kingdom, the Netherlands and Germany.

Andrew John Golland.

A thesis submitted in partial fulfilment of the requirements for the Degree of Doctor of Philosophy at De Montfort University.

Sponsoring establishment: De Montfort University.

February 1996.

Abstract

Systems of Housing Supply and Housing Production in Europe: a Comparison of the United Kingdom, the Netherlands and Germany.

Andrew John Golland.

This thesis investigates the relationships between systems of housing supply and production outcomes. It is focussed on three European countries: the United Kingdom, the Netherlands and Germany. These countries have very different systems of land and housing supply, especially in respect of the role of governments. The research is primarily about the way these different systems function. It has been suggested that different systems can produce similar outcomes. This can happen since systems of supply may appear very different, but may in practice be structured in a similar way.

The hypothesis and methodology of the research thesis is a response to the paradox. To understand the operation of systems of housing supply, however, requires an holistic approach, where the main facets of systems are not viewed in isolation. The methodology is based around both empirical investigation and rational models of structure. 'Structure' is a theme of the research which, although providing many conceptual challenges, nevertheless can be utilized to build frameworks against which trends in production outcomes may be referenced. The combination of empirical and rational approaches draws upon the contemporary research debate about the analysis of housing systems.

The findings of the research, however, reject the assertion that *very* different systems can produce similar outcomes. Nevertheless, it is shown that systems which are significantly different have some outcomes in common. This is seen to be an interesting finding, particularly when structure paradigms are considered. The main conclusion is, however, that outcomes are not easily reconciled with the models of structure. The Netherlands and Germany, for example, exhibit systems of supply which are characterized by high levels of co-operation between agencies and a similar economic policy stance. However, housing production outcomes are shown to be more similar in Germany and the United Kingdom.

Hence, whilst the research provides many useful ideas for policy makers, it advocates a greater emphasis on the particularistic nature of systems of housing supply. This inevitably leaves housing researchers with further conceptual and methodological challenges.

Dedications

To my mother and father, for whom differences between countries were significant.

To my children, for whom I hope differences will be insignificant.

To my wife, who is significant to us all, but indifferent to the differences.

Acknowledgments

I should like to thank the following individuals and organizations for their assistance in providing guidance and information which has helped me in the preparation of this thesis.

Firstly and mainly, to my supervisors in the Department of Land Management, Professor Michael Oxley and Norma Carter. They provided the initial impetus for the research and have encouraged and guided me throughout the three years of study, making it a time of great interest and self-fulfilment. The international comparison has provided many occasions to see things from a different perspective, opportunities that I feel very fortunate to have enjoyed.

In addition, there are many other people whom I should like to thank. First, Dr Tim Brown, of the Department of Land Management, for his useful and encouraging comments on the draft of the thesis. I should also like to thank Professor Alan Hooper of the Centre for Residential Development at Nottingham Trent University and Dr Tim Brindley of the Department of Architecture, De Montfort University for their helpful comments towards the final edition of the thesis.

I should also like to express my thanks to all who gave their time to provide information, or to assist in other ways with the research. I am particularly grateful to the people mentioned below for their help:

Dr J. Barlow, Policy Studies Institute, London.

Dr P. Boelhouwer, OTB Research Institute, University of Delft.

Mnr W. van Bojerein, Municipality of Den Haag.

Mnr A. de Groot, De Groot and van Oome, Bouw en Aanemingsbedrijf, Rotterdam.

Professor H. Dieterich, University of Dortmund.

Mr. R. Ellison, Department of the Environment.

Herr L. Gann, Leiter des Wohnungsamtes, Stuttgart.

Mr C. Gee, University of Vaihingen, Baden Württemburg.

Mr I. Greasley, David Wilson Homes, Ibstock, Leicestershire.

Ms C. Golton, University of Salford.

Mnr J. Goedman, Senior Consultant at the Dutch Housing Ministry, Den Haag

Dipl-Ing Grützner, Stadtsplanungsamt, Stuttgart.

Dr-Ing Habil T. Hafner, Städtebauliches Institut, University of Stuttgart

drs H. van der Heijden, OTB Research Institute, University of Delft

Dipl-Ing Klenk, Stadtsplanungsamt, Stuttgart

Mnr van der Kooij, Director of the Bureau for Housing, Province of South Holland.

Mnr E. Kragt, Member of the Nederlanse Vereiniging van Makelaars.

Herr Lentes, Head Librarian at the German Housing Ministry, Bonn.

Mr R. Ligterink at the Dutch Housing Ministry, Den Haag.

Dr Barrie Needham, Katholieke Universiteit Nijmegen.

drs M.J. van Oostrom, Director of Social and Economic Research at the Dutch Housing Ministry, Den Haag.

Professor H. Priemus, Managing Director of the OTB Research Institute, University of Delft.

Mnr N.Rietdijk, Director of the Nederlanse Verband van Bouwondernemers.

Mnr A.Rodin, Municipality of Den Haag

Schans, van der H, Technical Director of the Volkswoningen social housing organization.

Mnr Scholtens, of the Rotterdam municipality.

Mr P. Smith, David Wilson Homes, Ibstock, Leicestershire.

Mnr J. Soeter, Faculteit de Bouwkunde, University of Delft

drs M. Spaans, OTB Research Institute, University of Delft

Mnr H. Vermeer, Province of South Holland.

Mnr. G.Wigmans, Faculteit de Bouwkunde, University of Delft.

Professor R. Williams, University of Newcastle.

List of contents

Appendix 1:

List of tables

List of figures

Chapter 1: Introduction.

1.1. Context and raison d' être for the research thesis.

This thesis is a response to contemporary research questions and problems affecting comparative housing analysis. Specifically, the investigation is concerned with systems of housing supply and housing production. It is a study of three European countries: The United Kingdom, the Netherlands and Germany. The research considers the relationship between systems of housing supply and production outcomes over the period 1970 to 1993. In outlining the research area, it is important to link at this initial stage, the substantive interest with the present demands for increased understanding in the comparative field.

The hypothesis of the research

> 'Systems of housing supply which are different in nature can produce similar housing production outcomes. This is, to a significant extent, due to the way in which the systems are structured'

springs from a desire to address some outstanding questions and problems concerning researchers in this field today. In these aspects the hypothesis is concerned to answer questions about the way we interpret the outcomes of housing systems. This is not a concern, as is explained in Chapter 2, with being able to *predict* outcomes, but is a concern to both confirm and expand understanding on the theme of the way in which systems function and are structured.

This approach draws quite intentionally on the contemporary research interest in the role of the state and the role of the market (Barlow and Duncan, 1994; B.M.Bau, 1993) in determining the way in which countries are associated with certain trends in housing production. This thesis investigates three countries in which the state plays a very different role. In the United Kingdom, the role of the state may be regarded as somewhat minimalist, whilst in the Netherlands, the state at the central and local level adopts a more interventionist stance. In Germany, the role of the state is less clearly

associated with either of these extreme positions; Germany shares aspects of both the other two systems. The hypothesis aims to investigate the implications of these differing state and market stances for housing production outcomes. It does so in part by regarding these standpoints as essential to the way outcomes are interpreted. The use of the term 'nature' of the system is a way of identifying the particular focus on the role of state and market. This approach is fully explored in Chapter 3 of the thesis.

Whilst it has been fashionable to focus on the role of the state in a number of research areas associated with welfare and housing (Heidenheimer et al, 1990; Barlow and Duncan, 1994), the link between systems and outcomes is often poorly understood and sometimes badly articulated. Understanding falters often because of inadequate theoretical frameworks or lack of substantive material. Whilst the social sciences provide a number of frameworks, which range from Marxist paradigms to neo-classical economic models, these are often seen as vehicles through which *all* events *can* or even *should*, be explained. This research thesis attempts to look much closer at the question of the way in which systems function and are structured. It does not accept the adequacy of the conclusion for example, of the recent research by Barlow and Duncan (1994) that what matters is the 'state-market mix'. This conclusion cannot be related in any useful way to systems or to the way they are structured and therefore the utility of the conclusions are questionable for policy makers.

The focus on the state and market on the one hand, and the question of structure, on the other, needs to be more fully explored therefore. Chapter 4 of this thesis is devoted to elaborating the link between theory, research paradigm and detailed knowledge of systems. This approach will question the utility of functional perspectives which are evident in significant and authoritative pieces of recent research (B.M.Bau, 1993; Healey, 1991; Healey and Barrett, 1990). In this way it is intended to provide a more robust conclusion on the relationship between the nature of systems, the way they are structured and the outcomes which ensue.

The focus of the research question necessitates a division of the hypothesis into two parts. There is conceptual difference between a focus on the state and market and a

focus on the structure of systems. This area is more fully explained in Sections 1.4, 2.6 and 4.3. The focus of the hypothesis is also on the issue of housing production outcomes. A significant part of this thesis is devoted to the way in which these outcomes are arrived at. Whilst a concern of the thesis is with systems and the way they are structured, the relationship between these and outcomes can only be devined accurately if data on housing production is both representative and thoroughly analysed. Chapter 5 is a response to a perceived need to provide both detailed data sets as well as comparable frameworks. If this can be achieved then the hypothesis can be credibly analysed and correct conclusions drawn about systems, structure and their outcomes.

1.2. Objectives of the research.

The objectives of this research thesis are directed in two ways. First towards those concerned with methodology and comparative analysis of housing systems. Second, towards a furthering in understanding of systems of housing supply and their relations with housing outcomes. These objectives should be seen in the context of the commentary on the thesis provided in the previous section, which stressed the importance of useful theoretical frameworks as a basis for policy making and understanding of systems in practice.

Findings should be useful then, not only from a theoretical perspective, but also have utility for practice and policy making. Inevitably there can be overlap between these two standpoints; useful empirical research and well reasoned argument, manifest in robust frameworks, may serve to further debate amongst housing theorists, as well provide a basis for policy making. Specifically, the objectives of the research can be stated:

- to challenge and build upon existing conceptual frameworks and understanding in comparative housing research relating to housing systems and supply.

- to provide an explanation of the way in which systems of housing supply function in a European context and to suggest how these systems affect housing production outcomes.

The way these objectives are achieved is a function of the thesis in its entirety. The main contents of each chapter are set out in Section 1.5 and it will become evident from the methodological chapter (Chapter 2) how the hypothesis is addressed. It is also necessary to set out at this stage, however, the particular aspects covered in this chapter. This chapter deals with a number of issues:

- It provides reasons for the investigation of the hypothesis in the light of the demands of housing practice and of previous research (Section 1.3). Section 1.3 expands significantly on the previous section (1.1) by contextualizing further the present position of research in the field of comparative housing analysis.

- It provides the reasoning for the choice and design of hypothesis (Section 1.4). Section 1.4 explains specifically how the hypothesis is derived from contemporary research and theory.

- It outlines the main contents of each chapter (Section 1.5).

- It provides an explanation of important definitions (Section 1.6). Section 1.6 may be regarded as a reference point for any definition queries arising within the thesis.

1.3. Why investigate this hypothesis?: the influencing role of practice and previous research.

Why a particular hypothesis is investigated can ultimately only be explained in terms of choice. The 'choice' in this case, is first to utilize the example of different countries, which is a choice to undertake a comparative study. Second, there is a choice to study broad or 'macro' issues, which is a study at a systems level. In

addition, however, there are a number of factors which may support such choices, and which are now discussed.

There can be a variety of reasons for comparing housing systems. Oxley (1991:73-74) has listed nine potential 'purposes'. Of these, purposes 'f', 'examin(ing) the operation of some sort of system in a wide context to simply understand the system better or to find ways of making the system work better', 'g', 'postulat(ing) a housing system and examin(ing) the interrelationships of housing system variables', 'h', 'accummulat(ing) knowledge and ideas to formulate hypotheses, and 'i', 'test(ing) well defined hypotheses', are perhaps closest to the main objectives of this research. In this context the purpose is 'cumulativity' based around the search for 'systematic explanations' (Oxley, 1991:75).

These reasons may be contrasted with Oxley's 'purpose b', which is to 'get ideas for new policies' (Oxley, 1991:73); the procedure of looking at what goes on in other countries and perhaps simply question the wisdom of 'trying it out at home'. In this, the link between research question and research outcome or consequence, is perhaps more evident. By examining the relationship between 'systems' and 'outcomes', however, ('purposes 'f' to 'i'), policy implications may have to be divined in a more cautious way. This is nevertheless seen to be a good way forward. The idea of 'postulat(ing) a housing system and examin(ing) the interrelationships of housing system variables' ('purpose g'), ensures attention to the specification of determining factors and their inter-relations.

These inter-relations are, however, only significant where they can be traded between countries. The issue of 'ceteris paribus' in comparative studies has the potential to deter researchers from making any sort of positive contribution to policy making debate. This appears to happen in practice (Oxley, 1991:75) perhaps because researchers believe that 'housing parables derived from a single country tend not to travel well' (Ball and Harloe, 1992:6). The problem of 'ceteris paribus' is better discussed in the comparative context through the concept of 'dynamic equivalence'.

'Dynamic equivalence' is a concept related to the issue of translation. It is to do with the 'equivalence of effect' (Hatim, B and Mason, I, 1990:240). It is significant for the debate on comparative studies since it promotes the idea that certain features or facets of a housing system can be more significant for outcomes in one country than is the case in another. A recent comparative study commissioned by the German government (B.M.Bau, 1993), which comprises research findings from experts in five European countries, makes explicit the issue of dynamic equivalence. It does so by apportioning a number of 'stars' against particular facets of supply. For example, development plans in Britain are given one 'star', whilst in the Netherlands and Germany they are given three 'stars' in recognition of their relatively greater significance (Ibid:98). Likewise with other aspects of supply (Ibid:83;109).

Dynamic equivalence may be conceptually different from 'formal equivalence'. The latter is an attempt to achieve equivalence of form, whilst the former is an attempt to establish equivalence of effect. A source of this debate can be highlighted by a quote of Arthur Daley, well known second hand car dealer, who when discussing a trip to France suggested that:

> 'one man's coq - au - vin is only another man's chicken-in-a-basket'.
>
> (Cole, 1994)

It is suggested that a dispute about formal equivalence would be a dispute about whether the two perceptions, the 'coq-au-vin' and the 'chicken-in-basket', were related to a homogenous object, whilst it is suggested that a dispute about 'dynamic equivalence' would assume they are the same object, but that the 'coq-au-vin', for example, would have a greater significance in some way to a Frenchman, than a 'chicken-in-a-basket' would to an Englishman.

Both formal and dynamic equivalence are a potential problem for comparative research. First there is a need to establish whether the same thing is being discussed and second, in drawing conclusions, there is a need to know whether that object has the same effect on the issues or outcome under investigation. The problem, however,

in the analytical process is that the consequences of one cannot be distinguished from the consequences of the other. In analysis, is it thought that outcomes are different because there is a failure to establish how similar an agency or process *is*? This is a failure to establish formal equivalence. Or, is it concluded that outcomes are different because it is believed that an agency or process, which is formally equivalent, has a different effect in different circumstances? This is a failure to establish dynamic equivalence.

Those who advocate an empirical approach, it should be said, would ignore this whole issue, since these things cannot be 'established' in any observable way. Disputes about outcomes cannot be resolved by these concepts. They may, however, be useful in helping to account for the inability of research over the years to find all-embracing theories which explain outcomes and events across a number of countries.

Studies of whole housing systems did indeed begin very much from a standpoint which sought to provide a quite narrow theoretical framework for a broad number of countries. The research of Burns and Grebler (1967), for example, sought to explain, or link 'outcomes', which were 'levels of investment in housing', with levels of economic development. Their research framework included both 'developed' and 'developing' countries. Their findings were essentially that 'outcomes' were linked closely with levels of development and growth. In so far as the study of Burns and Grebler is concerned the 'outcome' investigated could largely be discussed in the absence of such factors as the particular political background of countries, or the modes of production. Generally, levels of economic development were seen to be a good proxy for levels of investment in housing.

The possibilities provided by such approaches are attractive to the researcher in comparative studies. Donnison and Ungerson (1982) developed the thesis that:

> 'housing policies and the housing markets of industrial society are converging - irrespective of party-political, ideological or institutional circumstances'
>
> (from: Schmidt, 1989:84)

This was explained in terms of the 'logic of industrialism' (Schmidt, 1989:84) discussed hereafter. In many ways, however, the work of Burns and Grebler and Donnison and Ungerson have proved more useful as a catalyst for further research on housing systems than for their inherent findings. As Oxley states, the work of Donnison and Ungerson was 'primarily descriptive and hypothesis-generating', whilst the utility of the findings of Burns and Grebler relate to a very broad base of countries. In these, a general theory might be expected to be helpful when considering differences between developed and under-developed countries.

The grand theory of 'convergence' was empirically tested by Schmidt (1989), and usefully so, on a number of developed countries. Schmidt discovered that housing outcomes could not be explained simply by the convergence of economies; levels of owner-occupation, for example, were not correlated with levels of economic growth. There was no 'logic of industrialisation' which pre-determined housing outcomes. Schmidt found that the 'housing policies of industrialized nations have diverged, not converged'; that 'housing policy and housing market processes must primarily be understood in terms of the organization of the policy-making and implementing systems; and that:

> 'this does not mean....that economic and demographic factors lack significance. Rather they provide background factors which set the stage, so to speak, and beyond which institutional and ideological factors seem to play an increasingly important part' (Schmidt, 1989:98)

The work of Schmidt is to some extent a watershed in comparative research of housing systems. Whilst his work has not killed off the idea of a narrow assumption holding for many countries, his rejection of 'convergence' serves to make us stop and question the possibility of being able to provide such tidy explanations in the future.

The study of housing systems and their implications for outcomes has been the subject of research by James Barlow, Simon Duncan and Peter Ambrose, all operating initially at Sussex University. *This* research project is related to their investigations by virtue of the subject material which is to do, not only with housing systems, but also

housing supply and production. Their research provides many important reference points. Indeed, the investigation of production in the private sector in the United Kingdom, the Netherlands and Germany follows a hypothetical statement of Ambrose and Barlow (1987:111) which is elaborated upon in Chapter 5. Their research is founded on three different countries: Britain, France and Sweden. That choice is made quite deliberately on the basis that they represent three 'extreme cases' (Barlow and Duncan, 1994:40). The idea of 'extreme cases' is also utilized in this research, and the idea elaborated in the following section.

Barlow and Duncan utilize two frameworks in their recent book on 'Success and Failure in Housing Provision'. The first is the idea of 'regime type(s) in welfare capitalism' (Barlow and Duncan, 1994:28), and the second is the 'state-market' paradigm. 'Regime types' are 'liberal welfare states', 'corporatist welfare states', 'social democratic welfare states' and 'rudimentary welfare states'. This framework derives from the work of Epsing-Andersen (1990) who examined social policy and labour markets in several European countries. The methodology of Barlow and Duncan involves discussing housing provision in the context of the 'Epsing-Andersen' framework. This draws on the fact that Britain, France and Sweden fall within the 'liberal' 'corporatist' and 'social-democratic' clusters of countries respectively. This is used by the authors as a medium. Britain and Sweden, according to Barlow and Duncan (1994) can be seen as archetypal cases of the former and latter, although the argument for including France as a 'corporatist' state is not overly strong:

> 'one should note the development of a more universal and secular childcare system in France during the 1970s and 1980s'
>
> (Barlow and Duncan, 1994:28)

The Epsing-Andersen framework is equally apposite for *this* research project; where the United Kingdom may be classified as a 'liberal state', whilst Germany is the 'type case' for corporatism and the Netherlands, although also being classified a 'corporatist' state, has more 'social-democratic tendencies' (Ibid:29). Whilst these are useful paradigms, it should be pointed out that they are potentially difficult to work

with. It is interesting to note that Barlow and Duncan do not link their conclusions to this introductory framework.

In the same way that the utility of the Epsing-Andersen framework is questionable in explaining housing outcomes, there are also questions about the 'state-market' framework which Barlow and Duncan use to explain housing provision. Their thesis is that there is a need to overcome the assumption that 'markets' are 'good' whilst 'governments' are 'bad' (Barlow and Duncan, 1994:xi). The argument which springs from the comparison of Britain, France and Sweden, however, leads only to the conclusion that what matters is 'what sort of market-state mix with what sort of outcome?' (Ibid:155). This conclusion is rather general. The conclusion is also rather politicized. The concern seems to be with the rejection of the radical ideology of the 1980s, 'market good, governments bad', rather than with identification of cause and effect between housing systems and housing outcomes.

Preferable, in some ways, is a more mechanistic approach. Such is the methodology of the recent study of German government (B.M.Bau, 1993). This is a study of the operation of land markets in housing and commercial property supply. It considers five countries, of which Britain, the Netherlands and Germany are three, (France and Italy being the other two). It proceeds on the basis of a pro-forma analysis of specific issues; for example 'procedure for planning permission', 'role of development plans, 'compulsory acquisition', 'infrastructure provision', etc, although it links these in an interesting and strong conclusion:

> 'Simple property-market systems function better than complicated ones.....a simple system is demonstrated by the property market systems of the Netherlands and Britain.....this is.....all the more surprising.....since these two countries represent very different property systems. The system in the Netherlands is dominated chiefly by the influence of the public sector, whereas the British system is shaped more significantly than anywhere by market forces.'
>
> (B.M.Bau, 1993:XXXII)

What is meant by 'better' in the quotation is explained in terms of an adequate supply of 'affordable property', and 'few regional differences'(Ibid). There are considerable problems in the methodology of the German study (B.M.Bau, 1993), however and indeed in the study of Barlow and Duncan (1994). These are considered in the following chapter and are returned to in the conclusion to this thesis.

There is additional literature associated with the German study (B.M.Bau, 1993). These are books on the United Kingdom (Williams and Wood, 1994), on the Netherlands (Needham et al, 1993) and Germany (Dieterich et al, 1993). They begin from the viewpoint that there should be some common goals or expectations of land supply systems, which include a 'sufficient supply of property' (Needham et al, 1993:210), in 'appropriate' locations and at 'appropriate' prices. These seem reasonable expectations. However, as Oxley (1995) points out, there is an attempt to draw conclusions 'having regard to issues of economic efficiency and social equity' which are 'notoriously difficult to appraise'. The methodological emphasis being upon 'very detailed, tightly structured descriptions' (Ibid) and the texts are 'much stronger on information than evaluation'. The bias towards information, rather than appraisal is one which is evident in another recent comparison (McCrone and Stevens, 1995). Whilst this study provides a comparative context which is useful for understanding aspects of housing finance in particular, it is unrelated to the social context in which the European systems arise. Nor is there any attempt to identify important relationships between public and private sector or state and market.

The German report (B.M.Bau, 1993) does deal more successfully with these important frameworks. Its utility, however, lies not in the explanations and value judgements, but in the idea that there *can* be systems which are very *different* but which can produce *similar* outcomes. Moreover, this is because the systems are structured in a particular way. There is hence a juxtaposition between the issue of the nature of the systems, which are very different in terms of the way in which the states intervenes, and the way the systems function. This is a main theme, as will be noted, of the hypothesis underlying this research. How the hypothesis is more precisely arrived at, is now considered.

1.4. Arriving at the hypothesis: issues of choice and design.

Previous research which has looked at housing systems and their relationships with housing outcomes is suggested to have enjoyed moderate success. This success can be measured in terms of hypotheses which were challenged and proven or disproved. The trend can be argued to have moved from macro to micro analysis. This does not mean that researchers have studied systems which are less significant: rather that they have shifted their perceptions of the factors which influence those same systems. This is a shift in thinking from a belief that a *single* narrow theory might be applied across a number of countries, to a belief that a *number* of theories might be required to explain why differences in outcomes arise.

This trend can be argued to have influenced the philosophical standpoint from a positivist position to a phenomenalist; where in the former case the emphasis is on generalities, whilst in the latter, the concern is with the particular. This has however, created some divergence in research methodology. On the one hand there are those who still wish to ally themselves to the 'grand theory' of many countries: the 'convergence', the 'Epsing-Andersen' or the 'state-market mix'. Whilst on the other, there is a trend towards a more particularistic approach which is founded on assumptions that systems are fundamentally different, being based on different sets of values and cultures. The movement towards more particularistic explanations has brought with it a greater focus on the organization and *structuring* of systems.

If previous research is to influence the way systems are analysed, there is a need to draw on these approaches, whilst linking them to the research question. If 'structure' is adopted as a medium for understanding, how can, or should it be applied? In this research, there is a concern, as is the case in Barlow and Duncan (1994), with three countries which are believed to have very different systems of housing supply. This idea should be linked and confirmed by other research interest in the structuring and functioning of housing supply. In this, perhaps the most interesting foundation for a hypothesis is to be found in the German government report (B.M.Bau, 1993). This is

because the conclusions attribute *similar* outcomes to *different* systems and furthermore suggest that it is the organization or structuring of supply which brings this about.

Moreover, these conclusions (B.M.Bau, 1993) are directly related to the countries which *this* research investigates. The conclusions posit an 'extreme' position: the idea that systems which are seen to be 'different' can indeed provide similar 'outcomes'.

Extreme positions and 'bold conjectures' (Hughes, 1990) are to be welcomed in research hypotheses. As Popper (1963) states:

> 'Confirmations (of hypotheses) should count only if they are the result of *risky predictions*; that is to say, if unenlightened by the theory in question, we should have expected an event which was incompatible for the theory - an event which would have refuted the theory'
>
> (Popper, K, 1963:36)

This principle is incorporated in the first part of the hypothesis to *this* research, which states:

> 'Systems of housing supply which are different in nature can produce similar housing production outcomes'

This is a statement which implies a juxtaposition of 'extreme countries' with 'extreme possibilities'. Why, and how the *second* part of the hypothesis is added is explained in Section 2.6.

1.5. Main contents of chapters.

There are six chapters in this research study. This section completes the first chapter. It is a function of this introductory chapter to outline briefly what is to come. A fuller exposition of the relationships between chapters is provided in Figure 2, Section 2.5.

Chapter 2 deals with the methodology of the research. It deals with some important issues, including the relationship between the methodology and the hypothesis, the preference for a particular philosophical standpoint, and deals with the question of outcomes. It provides a detailed diagram of the methodological approach (Figure 2) and shows the linkages between chapters and the hypothesis.

Chapter 3 provides a description of the systems of housing supply in the three countries. It sets out a number of 'facets' of supply, and each country is then discussed in their context. The analysis is provided on an issue by issue basis.

Chapter 4 deals with the question of structure. It provides interpretations of structure based on previous research , and explains how each may apply in the case of the three countries.

Chapter 5 investigates a number of statistical relationships, intended to aid understanding about the relationship between systems of housing supply, the way they are structured and the outcomes that result. A significant part of this chapter is devoted to the issue of comparative definition.

Chapter 6 provides the conclusions to the investigation.

1.6. Important definitional issues.

1.6.1. Relating to the hypothesis:

The hypothesis contains a number of potentially complex terms. The hypothesis is:

> '*Systems of housing supply* which are *different* in *nature* can produce *similar* housing production *outcomes*. This is, to a significant extent, due to the way in which the systems are *structured*'.

The key terms are highlighted in *italics*. It is important to state at this stage how and where these terms are defined. This is now highlighted:

- '*Systems of housing supply*': these are defined in Chapter 3, Section 3.1.1. This deals with what is meant by the 'system', what elements are included therein, and how the 'system' is distinguished from its broader 'environment'.

- '*Nature*': the nature of the system of supply is associated with a particular focus on systems expressed in terms of their reliance on state intervention. How systems relate to this measure is explained fully in Section 4.2. The nature of the system needs also to be distinguished from what is meant by the term '*structure(d)*'. To clarify this, a section in the methodology is provided (Section 2.6), which links the terms with the hypothesis.

- '*Outcomes*' are also fully explained in the methodological chapter. They relate to a set of statistical relationships which represent specific assumptions about systems of housing supply. The way outcomes are used, namely in a confirmatory manner, to provide understanding of systems and the way they are structured, is explained fully in Sections 2.7 to 2.7.3.

- '*Structure(d)*': the term 'structure' has many potential interpretations. It is therefore not explained at this stage in any detail. Chapter 4 is devoted to the analysis of the way in which systems of housing supply are structured. This considers four main conceptual frameworks which relate to previous and contemporary research. Chapter 4 also sets out, as is necessary, how structure is distinguished from, and may relate to, the term 'system'. This is done in Section 4.3.

- The term '*different*' (in nature) relates to the discussion of the role of the state and the market in housing supply, discussed in Chapter 3, and summarized in Section 4.2. The term '*similar*' (in 'outcome') is entirely a function of the statistical analysis carried out in Chapter 5. How 'similar' outcomes are will depend wholly upon correlation coefficients. Drawing conclusions about systems which are different in nature and, 'similar outcomes' will depend upon two stages in the

methodology; Section 4.2, which summarizes state intervention in housing supply and Section 5.3.5, which summarises the statistical findings.

Any misunderstanding about the terms or the way in which they relate to each other should be referenced to these particular sections for clarification.

1.6.2. Relating generally to the research:

In addition to clarifying the terms in the hypothesis, there are a number of **other terms used** in the research study which it may be helpful to clarify at this stage. These are:

- *'Housing supplier'*: this term refers to various sectors of production which supply housing. A 'housing supplier' is, in this research, considered to be the source of an instruction to build. In this respect he or she may be considered to be the commissioner of a building project, however large or small. The term 'supplier' is of course, an English term. The nearest equivalent in the comparative context is the Dutch word 'Opdrachtgever' ('giver of commissions') and the German word 'Bauherr' ('master of building'). It is important to note that the 'housing supplier' need not necessarily be the agency who physically builds the dwelling. Very often this will not be the case. However, in certain sectors (and this differs between countries), the housing supplier will be both the commissioner of the building project as well as the physical enabling agency; i.e. (s)he both commissions *and* builds. The differences between countries and sectors in this respect is expanded upon in Section 3.2.6.

- *'Housing Supply'*: this term refers to new housing supply. *Supply* therefore means *additional* physical dwelling units. As a result of this form of supply, the dwelling stock increases, so long as such factors as the level of demolitions can be regarded 'ceteris paribus'. 'Housing supply' in this research may be distinguished from housing supply which results from changes in the 'flow' of dwelling stock. That is to say, where landlords may be able to increase or decrease the housing

'supply', by virtue of decisions about whether to let, or not to let their dwelling stock.

- '*Private*' and '*social*' sector housing supplier: these terms refer to specific sectors of housing supply. The comparison is not easily made. The important point to make is that suppliers are derived, in this research, from sectors of supply which are provided in national statistics on housing production. *Unless otherwise stated*, the following meanings should be implied:

    - '*Private sector*' in the United Kingdom: this is housing supplied by the 'private sector', where data for the sector is derived from the Department of the Environment's Housing and Construction Statistics.

    - '*Private sector*' in the Netherlands: this is housing supplied by 'market builders', where data for the sector is derived from the Dutch Central Bureau of Statistics', Maandstatistiek Bouwnijverheid.

    - '*Private sector*' in Germany: this is housing supplied by 'Private households', where data for the sector is derived from the German Statistiches Bundesamt.

    - '*Social sector*' in the United Kingdom: this is housing supplied by local authorities and housing associations, where data for the sectors is derived from the Department of the Environment's Housing and Construction Statistics.

    - '*Social sector*' in the Netherlands: this is housing supplied by housing associations and municipalities, where data for the sectors is derived from the Dutch Central Bureau of Statistics' Maandstatistiek Bouwnijverheid.

- *'Social sector'* in Germany: this is housing supplied as a consequence of the three Förderungswege' or methods of social housing promotion, where data for the sector is derived from the German Statistiches Bundesamt.

The way these definitions are arrived at, should become evident from three sections; Section 4.5, which examines the sectors from an agency perspective, and Sections 5.3.3. and 5.3.4, the latter two being devoted to establishing a comparative framework.

A final point to clarify relates to the definition of the three countries. In this respect it is important to clarify that where 'Germany' is used, the meaning is for West Germany prior to re-unification in 1990. Thereafter (1990 to 1993) the re-unified German state is considered. It is also important to state that this research is concerned with the United Kingdom. Yet some of the sources it relies upon use Britain as a basis for analysis. In this research, the two states are used interchangeably, unless there is good reason to make an exception to this decision.

Chapter 2: Methodology.

2.1. Introduction.

This chapter considers the objectives of the research and the way in which they are to be achieved. It links the hypothesis to a number a steps which will be carried out in the following three chapters.

The methodology is determined by a number of critical issues. In addition to the hypothesis itself, comparative research methodology is conditioned by both the background of the researcher and the preference for a particular philosophical standpoint. These issues are considered in Section 2.2.

Section 2.3 explains the relationship between the hypothesis and the philosophy underlying the method adopted. It discusses empirical and rationalist approaches in the context of previous research and of comparative studies. Section 2.4 provides a defence to the philosophical standpoint adopted.

Section 2.5 outlines the steps to be taken to meet the demands of the hypothesis. It provides these steps in diagrammatic form (Figure 2) and explains the relationships between the hypothesis and the six chapters.

Section 2.6 elaborates the issues raised by the second part of the hypothesis and considers these in the context of the terms 'nature' and 'structure' of systems.

In Section 2.7, the term 'outcomes' is discussed. This section (2.7) deals with the way outcomes are defined. The section explains also the way outcomes are used in this research and in other comparative research projects. Section 2.7.3 explains how outcomes relate to systems and the way they are structured.

2.2. Context for a comparative methodology.

The way in which a comparative study is conducted depends upon a number of factors. Three of the most important might be:

i) The disciplinary background of the research individual, or research institution.
ii) The research objective.
iii) The preference of the individual or group for a particular philosophical standpoint.

In the following three sections, these three factors are discussed as a context for a methodology in this research project. Although they are discussed separately, in practice there is some overlap between the three issues and hence the approach adopted must reflect this.

2.2.1. Researcher background.

Researchers and commentators involved in comparative housing studies come from a variety of different disciplines. They can be described, for example, as an economist, sociologist, geographer, or planner. People from these backgrounds are drawn in as a result of the nature of housing studies, which lends itself to analysis in the broad context of the social sciences.

This diversity of interest can be viewed as being both advantageous and disadvantageous for the furthering of understanding, as highlighted in a recent commentary in the European Network for Housing Research Newsletter (Forrest, 1995:3)

> 'The general trend in the academic world has been for greater degrees of specialism. Disciplines have fragmented into subdisciplines.....These developments are however, double edged. While they serve to sharpen policy debate and deepen our knowledge of particular processes at work in the production, distribution and financing of housing, they may also contribute to a narrower perspective on housing studies. We can become over-specialised. Policy relevance can too easily degenerate into a policy-led agenda and a confined, consensual debate

> divorced from broader theoretical discussion and mainstream disciplines. It is instructive that the ideas with the longest shelf life often seem to have come from outside the mainstream housing research community'.
>
> (Forrest, 1995:3)

This suggests that whilst, on the one hand, the specialist approaches which researchers are able to provide on housing issues are helpful with the policy agendas, such narrow foci might to some extent, be counter-productive. Understanding of housing issues may be better provided by a combination of differing academic disciplines looking perhaps at a single issue.

In practice, the idea that research should proceed from a multi-disciplinary standpoint, is not one which is easily realised. To provide research findings which are a true reflection of what is going on is one thing. To report them in a way which discounts for the many different perspectives involved, is another. Where an economist, using econometric modelling, reports his findings to another economist, there is, in principle, little problem. Where, however, a sociologist, for example, attempts to write on the same housing issue with her own perspective, there may be a problem if the reader comes from a differing academic background, not so much because the method is less rigorous, or the findings less valuable, but because the methodology is less familiar to the reader. In extreme cases, researchers from different academic backgrounds can be analysing the same issue and coming to the same conclusions, but by using two different methodologies, neither of which is recognizable to the other. This can lead to a situation of mutual distrust.

It is within the academic sphere that the problems may be greatest. What constitutes a 'useful' framework is often a bone of contention. Economists may tend towards econometric modelling, based upon quantitative analysis and regression techniques, whilst sociologists may lean towards qualititative analysis. The end result of the former will be expressed in a numerical 'model' whilst the conclusions of the latter may be expressed in terms of some behavioural 'concept' or 'paradigm'. It may be argued that because the former can be 'tested' it is by necessity a more useful approach than the latter. This is not necessarily the case.

In research projects which are for government bodies, professional organisations and other housing professionals, the research may be presented in such a way that the emphasis is more upon information dissemination than upon any theoretical framework. That is to say, the methodology used may also be pre-determined to some extent by the individual, organisation or body for whom the research is written. This is not to say that the substantantive content and conclusions are 'malleable' to these ends, simply that the organisation of material and way of presenting the findings may be very different for research which is intended for practitioners, government departments and housing professionals, than for 'academic' audiences.

This investigation recognizes the contribution made by researchers of differing academic disciplines to housing research. It recognizes the potential for utilizing the range of methodologies presented by these sources and promotes the idea that in many cases these should be regarded as complementary and not mutually exclusive.

2.2.2. The research objective.

The research objective almost always has a significant bearing on the methodology adopted. For research projects which aim to answer straightforward descriptive questions, 'descriptive' methods may suffice. This may mean going through the procedures of recording the particularities of different issues in different countries (or 'similar' issues in different countries) and leaving the conclusions to be drawn according to some pre-determined pro-forma. This type of study is often related to government sponsored research (D.o.E, 1989; BMBau, 1993; MVROM, 1991a) where the objective is to have a very detailed record of a particular issue or set of issues.

For research projects which require a challenge to, or a substantiation of, a hypothesis, a different approach is perhaps required. The question of whether researchers may be involved in 'description or analysis?' is a point discussed by Oxley (1991:67). The need to 'test well defined hypotheses' (Ibid:74), inevitably leads to the requirement either to refer back to the method by which the original hypothesis was arrived at, or

to analyse the original conclusions in the light of a new methodology. At all times the researcher needs to be aware of the frameworks through which the conclusions were derived.

These considerations provide a context for this research project, which aims to both address previous research frameworks as well as to provide an accurate picture of the factors influencing housing production in the three countries.

2.2.3. Preference for a particular philosophical standpoint.

There are many philosophical standpoints from which research may be undertaken. Understanding of an issue or set of issues may be furthered if the researcher adopts a positivist, empiricist, rationalist, realist, or phenomenalist approach. It is important when considering a methodology to evaluate the potential in some of these approaches.

Positivism may be regarded as an historical forerunner of 'scientific empiricism' (Kaplan, 1968:389). The term 'positivism' derives from an emphasis upon 'tested and systematized experience rather than on undisciplined speculation' (Ibid:389). Positivism looks to the 'replacement of pictorial models' (Ibid:389). It has as its epistemology the idea that we should proceed towards understanding on the basis that there are no given *a priori* truths about the world (Hospers, 1970:183). Disputes about positive statements can be solved by an appeal to the facts (Lipsey, 1973:4) which can be either proven or not proven in a scientific way. This is in contrast to disagreements about *normative* approaches or statements which cannot be resolved by an appeal to the facts (Lipsey, 1973:5) since they are based upon opinions about what *should* or *ought* to happen.

'Empiricism' is associated with the 'British philosophical tradition' (King, 1995:10). Its proponents were Hume (1711-1776), Locke (1632 - 1704) and Berkeley (1685 - 1783) (Facione, 1994:89). These philosophers gave weight to empirical statements in the development of their philosophical position. This 'position' would be arrived at

only on the basis that beliefs could be shown to correspond with the facts of reality (Ibid:90). The positivist approach was adapted by the Austrian school of philosophy and in particular through the work of Karl Popper (1911-1994) (Hughes, 1990:71). Popper was the proponent of the 'principle of falsification', the idea that knowledge is expanded by the process of 'Versuch und Irrtum' (Der Spiegel, 1994), or 'trial and error'. Hypotheses should be tested until proven true, and if proven untrue, should be adapted or discarded altogether.

In comparative housing research Oxley (1991), in his review of the Aims and Methods of Housing Research, alludes to the empirical principles of Popper:

> 'Fear of error at any of these steps should not be a deterrent for even if the results or the interpretation are wrong they can be challenged and we have something more than a mere assertion or the use of terminology as a basis for an argument'
>
> (Oxley, 1991:71)

Such a principle is useful, particularly where a strong hypothesis can be identified and where the hypothesis can be quantified (Oxley, 1991:71-72).

Empiricism in the social sciences is often discussed in the context of 'rationalism', (King, 1995, Facione, 1988, Hospers, 1970), which is another, although very different method of developing theory. It is different because rationalism has, as an epistemology, the belief that 'we can arrive at knowledge of the world through the application of reason without appealing directly to observation' (King, 1995:8). Rationalists hold that a priori truths exist even though they cannot be observed to be proven. Thus, as a rationalist, it can be stated that '2 + 2 = 4', or that 'parallel lines never meet' (Hospers, 1970:100), but there is no need to worry about being able to prove this in any observable way.

The rationalist philosophy developed in the 16th Century as a result of thinkers such as Descartes (1596-1650), Spinoza (1632- 1677) and Leibnitz (1646-1716). They maintained what has become known as the 'coherence of truth' (Facione, 1988:90).

This establishes a set of beliefs which a person may hold, but which are not in any way inconsistent with each other (Ibid). One thesis is that 'the broader one's coherent set of beliefs, the better one's philosophical 'system of thought' is said to be' (Ibid). 'Rationalism' is reflected in political thought and political 'projects': 'Federalism', 'Nationalism', 'Votes for women', or the 'Destruction of the Austro-Hungarian Empire' are all examples (Oakeshott, 1974:6). A link between 'authoritarianism' and 'rationalism' has been suggested by Popper (King, 1995:10).

In philosophy, a rationalist is 'anyone who holds the view that reason can be a source and justification of truth' (Facione, 1988). From this it follows that if something can be argued in a 'reasonable' way, then it may constitute a theory. Herein lies a competing approach to that of the empiricist. In housing research there is a different school which does indeed rely heavily upon rationalist thought. Many rationalist paradigms are analysed by Oxley (1991:69). Some attempts identified by him are evident in concepts such as 'privatization', 'social (and supplementary) policies', and even 'structures of housing provision'. These are argued by Oxley to be presented as 'terminology' posing as 'explanation' (Oxley, 1991:67). 'Structures of Housing Provision' are seen to be a way of 'tying things together' (Oxley, 1991:69).

Taking the 'Structures of provision' thesis in the broader philosophical context, it would almost certainly be argued by empiricists that this does not present a theory at all, since it cannot be empirically deduced or tested. As such, it is categorized as an example of what Popper saw as 'pseudo-science' (1963:33). As with some of the work of Adler, Marx and Freud, Popper saw their theories as examples of ideas which could explain 'practically everything' (1963:35), such was the transcendental nature of their theses. Indeed their attraction lies in their comforting eclecticism: The idea that 'transcendental meditation' can give you 'peace of mind' (Wonder, S, 1974). To the rationalist, the ability to be able to work theories up around a common theme is an attractive alternative. This is especially so where there is no desire, or indeed no possibility to empirically test one's way forward.

2.3. Hypothesis and rationale for the choice of methodology.

The method for investigating the hypothesis should consider these three issues; the 'academic discipline', the 'research objectives' and the 'philosophical perspective' are all guiding principles. As was stated, these issues are interlinked.

The hypothesis, and the subject matter, which is to do with the system of housing supply and structure, determine significantly the methodology to be prescribed.

The idea of systems and the way they are structured is fundamental to the research methodology. How this is dealt with in the philosophical context is significant to the methodological discussion. The previous section considered two main standpoints, empiricism and rationalism. Examples of these approaches are championed by particular schools of thought in housing research. They can be applied in isolation in particular contexts with success.

With the analysis of systems, however, there is a need for a dual offensive, using both empirical method and rational concept. This is due to the nature of empirical approaches which are 'bottom-up piecemeal' and to some extent atheoretical or even anti-theoretical (King, 1995:12). This is not to say that models of systems cannot be based upon empirical research. Rather that, given the scale of systems analysis, a more positive research contribution may be made by working within contemporary models, paradigms and interpretations. These models provide a framework for the furthering of research debate, particularly in the comparative context.

At the same time, however, it is important to question what these conceptual models represent. It is important to interpret them carefully and to support or question them by the assimilation of facts. In this way, they become useful for further research. The degree to which concepts of structure are empirically grounded depends very much upon their narrowness. In Chapter 4, a number of interpretations of structure models are forwarded. Some of these are more easily associated with factual discussion than others. There is a distinction made in Section 4.3 between models and interpretations

of structure which are seen to be of a fundamental, essential and organic nature, and models of structure which are more functionally and mechanistically focused.

It is also perhaps useful to expand upon the approach adopted in the context of associated research. The route incorporating empirical and rational approaches is one which may be described as 'middle range theory'. This form of theory identifies a need to define some methodology which can deal with the problems presented in trying to reconcile the 'concrete' with the 'abstract' (Sayer, 1995:24). In this area there may be a link identified with the realist approach which questions the validity of any form of modelling, whether rational or empirical as a means of explaining real world happenings (Ibid:24-26).

The hypothesis, however, cannot be investigated without some assumptions or beliefs in the utility of model construction in some form or other. As this is the case in this thesis, it is more appropriate to see the approach adopted as a form of critical rationalism, more aligned to the approach advocated by Popper. That is to say, there are 'conjectures' which need to be 'refuted' (Popper, 1963:33). The conjectures of this thesis are conjectures about rational models of structure, which stand or fall when examined in the light of empirical findings.

Figure 1 provides a view of the relationship between the research question and the broader philosophical standpoints.

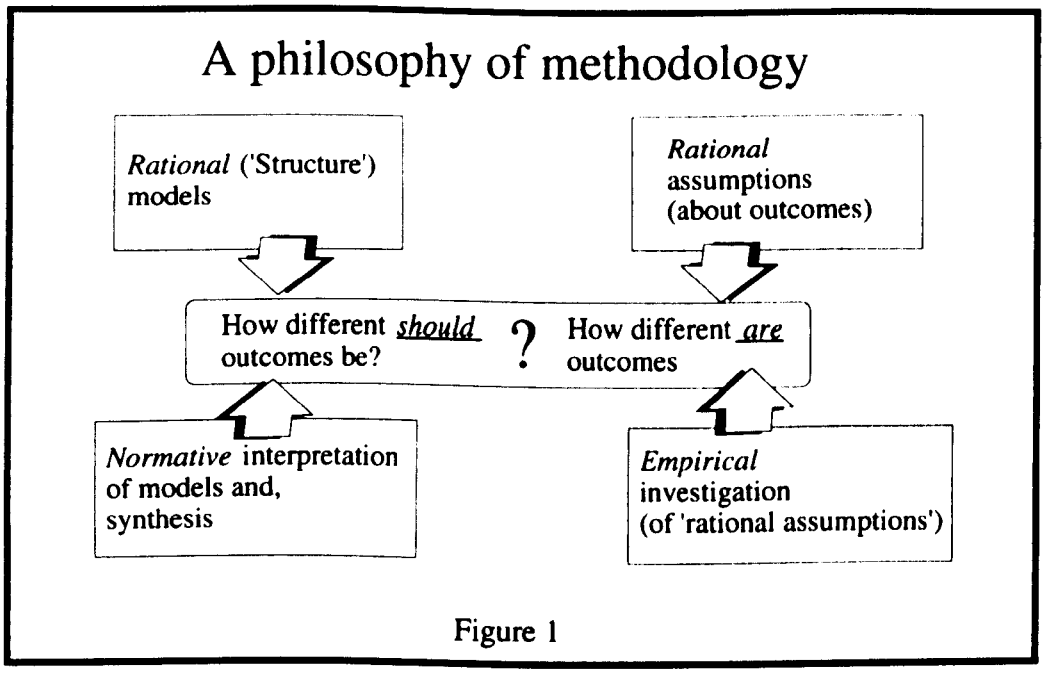


Figure 1

On the top left hand side of the diagram are depicted 'structure' models. These derive from previous research, comparative or otherwise. These are considered in the context of systems of supply in each country. The conclusions about the 'structure' of systems are based upon interpretations of these rational models. The way they are interpreted depends upon the assimilation of facts about systems of supply, and an element of judgement in applying these facts to the structure models: the bottom left hand box.

At the bottom right hand side of the diagram is depicted the stage of empirical investigation based upon statistical data. 'Outcomes' can be measured, since the investigation is based on this data. The conclusions can then be reconciled with the interpretations of structure as they apply within different systems. The empirical investigation is founded upon three assumptions of what systems of supply are trying to achieve (the top right hand box in Figure 1). The left hand side of the diagram provides a conclusion about how different outcomes *should* be (given an understanding of structure), whilst the right hand side of the diagram provides a conclusion about how different outcomes *are* (being based upon the empirical investigation).

2.4. In defence of the methodological stance.

There is inevitably potential, where research methodology utilizes a rationalist standpoint, to create one very large circular argument. Popper, selects a quote of Trollope to expose this possibility:

> 'Mr Turnbull had predicted evil consequences,.....and was now doing the best in his power to bring about the verification of his own prophecies' (Popper, 1963:33)

Such a problem of circular argument could also, it might be argued, apply to the methodology of this research: why not, for example, simply describe 'structure' in such a way as to 'fit' the outcomes, the latter of which might have been ascertained at some previous time? In this way it could be shown that 'differences' in the 'structure' ('left hand side of the model, Figure 1) were matched by 'differences' in 'outcomes' ('right hand side of the model, Figure 1). One would thereby 'verify' ones 'own prophecies'. This *can* be the case, so it is important to set out a number of arguments mitigating against this possibility.

- First of all, conclusions about the structure of systems are always made where possible by reference to *facts* rather than opinion. Whilst normative judgement does play a part, this evaluation is based on factual observation to a great extent. For example, in looking at the significance of central government as an agency in housing production (Section 4.5), conclusions are drawn based upon the tenure of housing produced at particular times. Although facts about 'tenure' may be questioned as to whether they are physical or social facts, it is nevertheless possible to intimate important differences between countries in the significance of governments for housing outcomes. This helps to build more robust models of agencies in supply. As a second example, when looking at the way systems are interlinked within countries on the basis of an 'event-sequence' interpretation (Section 4.4), the role of the state in land supply and in infrastructure provision can be quantified. These are two significant facets of supply. This is based upon previous research and allows us to state with more confidence whether systems of

supply appear well or poorly co-ordinated. And as a final example, when the economic environment in which systems of supply are seen to operate is examined (Section 4.6), there is an appeal to a number of economic variables which are quantifiable, and which provide a basis for building models of structure. Unless, therefore, one is selective about the data used, it is difficult to provide models of 'structure' which are a wholly inaccurate portrayal of reality. Above all, there is an attempt to minimize the normative element in analysis.

- Second, structure is analysed in this research in the context of five different paradigms: 'event-sequence', 'agency', 'structuration', 'equilibrium' and 'structures of housing provision'. In the conclusions to the research, similarities and differences between countries are summarised by reference to the models. The diversity of analysis implicitly required of this process is argued to make it very difficult, and indeed counter-productive to the aims of the project, to construct structure models which 'reconcile' conveniently with 'outcomes'. Any attempt to do so would almost certainly result in argument which was transparent or superficial.

- Third, the conclusions of the research, which are addressed towards the relationship between structure and outcomes, are dependent as much upon assumptions about the way in which outcomes are determined, as they are upon the way in which structure models are interpreted. These two factors cannot be reconciled, particularly since it is not known what systems are set up to achieve.

- Finally, the way information is sourced and knowledge assembled in this research may serve to mitigate against a sham, pseudo methodology or circular argument as discussed above. Often the analysis of systems is a 'conservative' one (Mitchell, 1968:477). This may result from a lack of new information or empirical research or may be a simple consequence of the amount of material to be analysed; 'systems analysis' arguably does not allow for radical perspectives in the same way as would the analysis of micro topics. This research cannot wholly overcome the need to rely upon literature and previous research for its conclusions. In the

analysis of such a broad issue, any attempt to empirically define or challenge all knowledge constituting systems could not be operationalised, it is argued. There is, hence, a drawing on information which may be regarded as 'secondary'. This information, however, is supplemented in the research also by reference to interviews with academic experts and practitioners in the fields of housing and land supply. It is possible, therefore, to state that the models of structure, particularly the view of agencies in housing supply, rely also on a first hand sourcing of information. This information strengthens the basis upon which perceptions of structure are formed and makes it more difficult to present a wholly normative treatise.

2.5. Research methodology.

The previous section considered the philosophy underlying the methodology. From this it should be evident how certain elements of the hypothesis, namely 'structure' and 'outcomes' determine the methodological context. A preference has been expressed within this context and the main methodological parameters outlined. The aim of *this* section is to show how the hypothesis is addressed at different stages of the research project: through each chapter and also, where necessary, by cross-referencing to previous points in the research. This section aims to set out the precise steps which the methodology follows. To do this, the hypothesis is reconsidered:

> 'Systems of housing supply which are different in nature can produce similar housing production outcomes. This is, to a significant extent, due to the way in which the systems are structured'.

The following steps are taken to investigate this hypothesis (Figure 2):

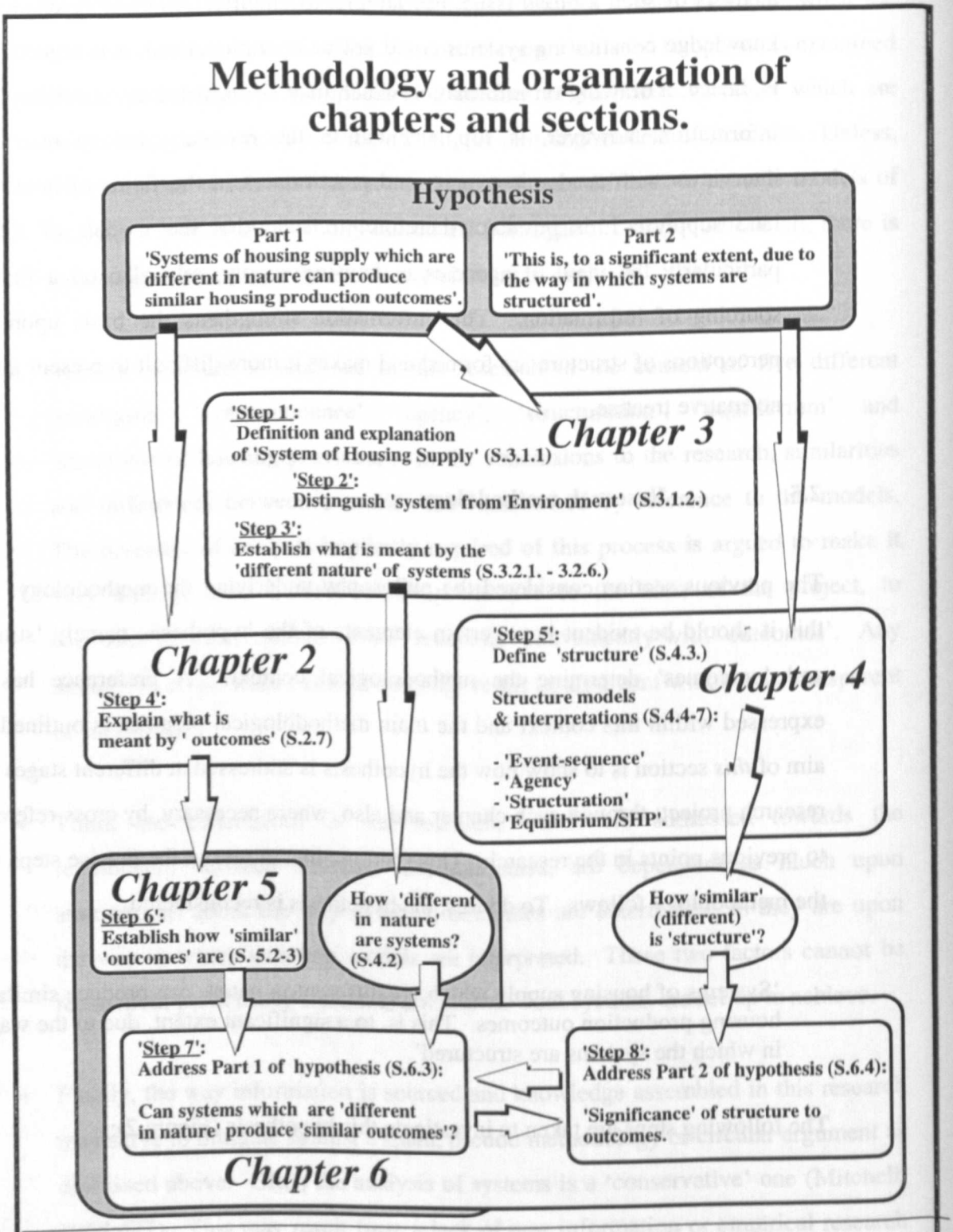


Figure 2

'Step 1': A definition and explanation of the term 'system of housing supply'. This is undertaken in Section 3.1.1. Sub-sections 3.1.1 (i) to (iii) describe the main facets of

policy and process perceived to form parts of the system. The 'system', however, needs to be distinguished in so far as it is possible, from the broader environment in which it functions. This therefore is the second step:

'Step 2': Distinguish 'system' from 'environment'. This step is undertaken in Section 3.1.2 (Figure 2).

Step 3: Establish what is meant in the hypothesis by systems which are 'different in nature'. This is done by describing the facets of the system of housing supply in the three countries. This is done in Chapter 3, Sections 3.2.1 to 3.2.6 (Figure 2).

Step 4: Address the meaning of 'housing production outcomes'. This is done in Section 2.7 (and its sub-sections 2.7.1 to 2.7.3), where the relationship between outcomes, systems and structure is discussed.

Step 5: Establish what is meant by 'structure'. This is a broad term and its meaning is of critical importance to the research hypothesis. This stage is undertaken in Chapter 4 (Figure 2). Section 4.3 looks at the definitional and conceptual questions. Sections 4.4 to 4.7 provide interpretations of different models of structure.

Step 6: Establish how 'similar' outcomes are. This is achieved as a consequence of the way in which variables are specified (Section 5.2) and of the statistical investigation in Section 5.3 (Figure 2).

Step 7: Address the first part of the hypothesis. This step primarily answers the question of whether systems which are 'different in nature' can produce 'similar outcomes? This question is addressed by looking at the outcomes of the statistical analysis in conjunction with the nature of the systems of housing supply, which are summarized in Section 4.2. Conclusions on this part of the hypothesis are reached in Chapter 6, Section 6.3, and are based on the conclusions to Sections 4.2 (the 'nature' of the system of supply) and Section 5.3, which looks at outcomes (Figure 2).

Step 8: Address the second part of the hypothesis. This step is required if it is shown that systems of housing supply which are different in nature can produce similar housing production outcomes. This analysis, if required, will be carried out in Section 6.4 (Figure 2).

2.6. A note on the second part of the hypothesis and on the terms 'nature' and 'structure' of systems.

Figure 2 shows the hypothesis divided into two parts. Section 1.4 introduced the first part of the hypothesis, and stated that Section 2.6 would provide some introductory comment to the second part of the hypothesis.

In understanding the hypothesis, it is important to emphasize that the two parts derive from conceptual divisions. Neither sentence of the hypothesis is any more *essential* than the other. The most significant concepts are of the 'system' and 'structure'. The relationships between these two terms are elaborated in Section 4.3. There it is shown that the focus is upon the functioning of systems. Also it is shown that the focus on structure is a focus on 'surface' structure and not upon interpretations of structure implicit in Marxist analysis.

The conceptual approach to the hypothesis which should be adopted at this stage is one which considers on the one hand, systems 'at rest', and on the other, systems 'in motion or action'. This is the idea that:

'System' = 'Structure' + 'Function' (Dallmayr, 1982:34)

This equation is seen to be implicit in the conclusions of the German report (B.M.Bau, 1993:XXXII), which juxtapose systems which are very different, with outcomes that are similar. This happens due to some functioning of the system.

To highlight a conceptual division the hypothesis appears in two parts. The first, which promotes the concept of the 'state-market' paradigm, and the second, which

promotes a variety of other different interpretations of structure. The 'nature' of the system is a term applied to an analysis of systems referenced by the 'state-market' paradigm, whilst the term 'structure' is allied with functional concepts. The 'nature' of the system of supply *should* be seen to reflect the system 'at rest', whilst 'structure' *should* be seen to reflect the system 'in motion' or function.

These concepts, however, should not become confused within problems of comparative statics, which tend to present themselves as a significant obstacle to researchers in this field (Barlow, 1993:1130). There are inevitably questions of how to reconcile outcomes over a period of time with systems which do not lend themselves easily to being analysed over time. Both 'nature' and 'structure' of systems are analysed in Chapters 3 and 4 as being constant over the period of time in question, although it is accepted that the way systems are structured will be to some extent a response to the changing nature of state intervention. This possibility is reviewed once outcomes have been examined.

To expand upon the conceptual divisions and explain why the hypothesis appears in two parts, it may be helpful to suggest that the hypothesis *could* be in put in a single phrase. Such an alternative hypothesis would read:

> 'Systems of housing supply which are structured differently can produce similar outcomes'.

This could partially be dealt with through the methodology depicted in Figure 2, although may involve a fusion of Chapters 3 and 4, under a single broad heading of 'structure models and interpretations'. The main disadvantage of a single hypothesis may be that the focus on the state-market stance or mix, which creates so much research interest (B.MBau, 1993, Barlow and Duncan, 1993: 155), is lost amongst the general term 'structure' which is seen to have functional or operational connotations.

2.7. Outcomes: definition, relations and utility.

This research is concerned with the relationship between systems of housing supply, the way in which systems are structured, and the *outcomes* that result. Figure 2 provides that the methodology is aimed towards this goal, where the 'nature' of systems', the 'structure' of systems and 'outcomes' are analysed. Section 2.7 provides information on the term 'outcomes' and describes how they are used. To make this clear, however, there is a need to refer to both previous and forthcoming sections. This will be done after some introductory remarks concerning the way in which 'outcomes' are utilized in research generally.

'Outcomes' are used in several ways in research. They are often seen as dependent events, and are contextualised or set against a variable(s) or model(s) in order that something can be said about those 'variable(s)' or 'model(s)'. 'Outcomes' can also be used in order to say something *evaluative* about the 'independent variables' and hence to be *prescriptive*. Alternatively 'outcomes' can be used in such a way as to be able to say something about the inherent characteristics or behaviour of the 'independent variable'. In that case outcomes can be used in a *predictive* way. Finally 'outcomes' can be used as a basis for *confirming* or rejecting understanding and knowledge. No research methodology is able to make these possibilities mutually exclusive. Inevitably someone will use research which is intended to be evaluative, in a prescriptive way. Likewise findings which are meant only to confirm hypothetical statements may be used in order to predict events. It is desirable, however, to state in research methodology which might be the most apposite to the research objectives.

Where the independent variable is a system or structure of a system, it is very difficult to use 'outcomes' in a *predictive* way, it is suggested. This is because systems have many facets (Section 3.1.1. (iii)), and untangling specific outcomes or results, from the interaction of many facets is probably unwise. It is also difficult, it is suggested, to *evaluate* systems, not only because they are large and arguably amorphous, but also because the outcomes which do result cannot be referred back to any known or stated objectives. Policy statements may provide a reflection of objectives, but they change

over time and arguably only reflect a rhetorical stance. Ambrose (1992) has highlighted the difficulty of evaluating the 'performance' of systems, when he asks:

> 'Was the GDR system a success because it renewed over a third of the stock between 1970 and 1990 and kept rents to a very low proportion of income? Is the Italian system a success because it consumes very few state resources as subsidy? Is the Swedish system a failure for the opposite reason? Has Britain scored a success in the 1980s by offloading over 1 million units of public stock?.....the evaluation will depend largely on the observer's politics.'
>
> (Ambrose, 1992:163)

Barlow and Duncan (1994) may be criticized, in no small part, for entitling their recent book 'Success and Failure in Housing Provision' (1994). To evaluate housing systems, they choose outcomes which represent assumed ideal goals or objectives of systems. Whilst there is nothing wrong with this in principle, these measures have to be related to 'success' and 'failure'. To do this they adopt ideas of 'production efficiency', 'allocative efficiency' and 'dynamic efficiency' (Ibid:53-84). These terms are problematical; 'allocative efficiency' is measured in terms of 'product diversity' and 'consumption patterns' (Barlow and Duncan, 1994:54), but it is soon ceded that 'dynamic efficiency', which is 'the development of economic efficiency over the long term' is 'harder to operationalize empirically' (Barlow and Duncan:1994:54). One facet of this is 'product diversity', but this only leads into questions of:

> 'the physical form and characteristics of the dwellings (which relies on 'cultural expectations').....housing entry costs, expenditures, access forms, security of tenure, property control and ownership'
>
> (Barlow and Duncan, 1994:75)

or, an 'easily understandable, measure of this complex array.....provided by housing tenure' (Barlow and Duncan, Ibid:75).

In the event of analysis, however, these 'headings' are operationalized by Barlow and Duncan mainly by a description of issues like housing tenure (Ibid:77), modes of land supply (Ibid:92) and house prices (Ibid:83).

These outcomes tell us about the systems, but not how 'good' or 'bad' they are. To evaluate a system of supply, there is a need to have a strong link between the objectives of the system and its functioning. Barlow and Duncan offer the Epsing Andersen framework (Ibid:26-31), although as was stated in Chapter 1, there is no link made between this and the outcomes in the conclusions.

The present position in respect of the relationship between systems and their consequences, it is argued, is not well developed or understood in comparative research. The attempt to be prescriptive relies upon a link between systems and outcomes which needs to be better developed than is presently the case. Both the choice of outcomes and the way outcomes are used in this research therefore, stem from this present and arguably unsatisfactory position. The interest should be more upon using outcomes as a basis for furthering understanding about systems and structures of systems. In this sense it is intended that 'outcomes' are seen as a mode of *confirming* or rejecting certain assumptions about 'systems' and 'structure', rather than the latter being considered as a predictive tool for outcomes. To confirm or reject understanding of theses of systems and structure, a further set of hypotheses are required. These are hypotheses which complement the main hypothesis of the research.

The idea of additional hypotheses to confirm a main hypothesis is one which has been forwarded by Canter (1983), who has promoted the use of 'Facet theory' for the understanding of systems. Canter writes that the task of research scientist is:

> 'to provide a coherent resumé of (the) world so that it can be understood and acted on. Simplifying the problems to be studied, in advance of studying them, for the sake of some 'scientific rigour', seemed to me to be like the joke about a person searching for something he had lost where it was easy to see, rather than in the area where he had lost it!'
>
> Canter (1983:38)

'Facet theory' is premised upon the idea that different tests or hypotheses are useful in describing the relationship between the object of interest (for example, systems) and

an aspect of empirical observation (Ibid:37). The way 'outcomes' are used in this research thesis follows this principle. 'Outcomes' are not aimed at a particular country, nor are they intended to evaluate a system. The outcomes are used in such a way as to be able to confirm frameworks, concepts or paradigms of structure and systems of housing supply. They are used to address the main hypothesis of the research which is concerned with the nature of systems of supply, and with concepts of structure.

2.7.1. What are the outcomes assumed?

In this research methodology, there is an attempt to provide measurable outcomes, as well as a reason for measuring them. In looking at 'outcomes' three relationships are considered:

- The relationship between total housing production and 'total housing need'.
- The relationship between production in the 'private sector' and 'profit' in house building for that sector.
- The relationship between production in the 'social sector' and 'social need'.

How the relationships between the variables are fully defined is explained in Chapter 5. Chapter 5 also explains the variables which are used to represent 'total housing need', 'profit' and 'social need'. The way in which 'total' production, and production in the 'private' and 'social' sectors are defined is also the subject of Chapter 5. These relationships are based on an assumption about what will happen. For example, as 'total housing need' rises, so will 'total housing production'. As 'profit' increases, so will production in the 'private' sector. As 'social need' rises, so will production by the 'social' sector.

The first assumption is based upon a rational expectation, the second upon a research theory and the third upon a normative anticipation. Collectively, these are termed 'rational assumptions' in the research. They are not necessarily empirically

representative of the 'best' or most 'significant' of issues to do with housing supply. They are a measurable 'estimate' of what systems are trying to achieve.

2.7.2. How are outcomes measured?

The use of outcomes to confirm understanding about systems and structure, determines to a large extent the way in which outcomes are measured. Barlow and Duncan (1994) suggest that in comparative research the emphasis should be upon an 'indicative' rather than a 'definitive' stance (Ibid:39). This is seen to be a sound principle, given the potential difficulties in comparing data and definitions. The method of analysing the relationships, or 'outcomes', can be kept simple. Figure 3 shows the approach:

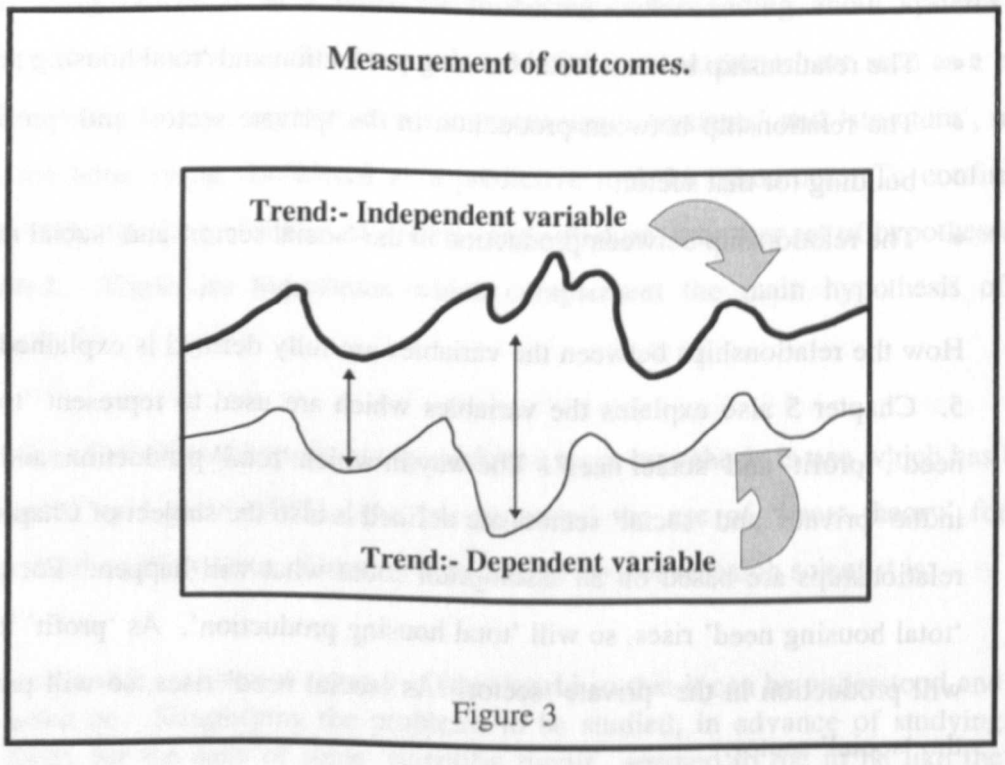


Figure 3

Figure 3 shows two trends: a trend for a 'dependent' variable and a trend for an 'independent' variable. This will apply for each of the three 'assumptions' introduced in this section and will apply across all three countries. Hence there are minimally nine investigations to be carried out in Chapter 5. This will be the case since total

housing production, private housing production and social housing production will be examined with their independent variables for each of the three countries.

Measurement of outcomes is undertaken by correlation between dependent and independent variables. 'Similarity' of outcomes, a focus of the main research hypothesis is shown where the variance in the trend between the dependent and independent variables is more or less the same. This is reflected in coefficients of correlation, which will be high where the association between the variables is high, and vice-versa.

It is important to emphasize that the interest lies in the 'gaps' and not in the 'height' of the trends. Hence if production per head in the United Kingdom were to be plotted for example, the trend would lie at a lower position than production per head in the Netherlands, a simple function of differences in population increase. This is a relative concern, which would reflect only on differences, for differences sake.

2.7.3. Relationship between outcomes, systems and structure.

The relationship between outcomes on the one hand and systems and structures on the other, will be a two way process. As was suggested in the preceding sections, outcomes are used to confirm concepts and understanding of systems. Yet at the same time, the outcomes themselves cannot be divorced from their systems and their structures.

Thus far, the terms 'system' and the term 'structure' have been used very generally. An explication of the terms is provided in Sections 3.1 and 4.3. The relationship between outcomes and systems and structures cannot fully be understood initially. At this stage it is necessary to make some introductory points.

The term 'system' is used in a distinctive way from the 'environment' (Section 3.1.2). Although there are conceptual difficulties here, the way in which the system is linked with concepts of structure in Chapter 4 is intended to clarify these distinctions. At this

stage, it can be stated that 'outcomes' may reflect any one of a number of relationships. Outcomes may reflect:

- similarities (or differences) in the nature of systems. This is where 'nature' may reflect the state-market paradigm, or a system considered to be 'at rest' (Section 4.3).

- similarities (or differences) in the 'structure' of systems. Here outcomes may be reflected in a number of different interpretations of structure: 'event-sequence', 'agency', structuration', 'equilibrium' or 'structures of housing provision'.

- similarities (or differences) in neither 'nature' nor 'structure' as they are described and conceptualized in Chapters 3 and 4. This third possibility may call for a re-examination or re-conceptualization of systems and structure. The outcome or set of outcomes may create entirely new perceptions tending on the one hand towards the general, or on the other towards the phenomenalistic.

The consequences of these investigations may be to splay understanding rather than consolidate it: where 'comparison fragments more than it integrates' (Barlow and Duncan 1994:40). There always a danger of this. It is argued to be more important, however, to provide a framework which avoids assumptions about the links between systems and their outcomes at the outset.

Chapter 3: Systems of Housing Supply.

3.1. Introduction.

The methodology of the research requires that this chapter undertakes three steps (Figure 2). The first step (Figure 2) is to define what is meant by 'systems of housing supply'. The second step is to distinguish the 'system' from its 'environment'. Third, there is a need to establish how systems differ in 'nature'. The first two of these steps are introductory. They are considered in Sections 3.1.1 and 3.1.2. The third step, which provides a detailed comparison of facets of the system of supply, is undertaken in Section 3.2, and its sub-sections 3.2.1 to 3.2.6.

3.1.1. Defining the system of housing supply.

It is argued the way a 'system' is defined is determined both by the subject or topic selected for analysis, as well as by what is understood by 'systems analysis'. Both the particular research question, as well as broader perceptions of what a 'system' might be, play a part. Given these parameters, there is a need to divide the discussion between issues of 'choice' (Section 3.1.1.(i)), and broader questions of how systems are analysed (Section 3.1.1. (ii)).

3.1.1.(i) The system and choice of elements.

What could be investigated under such a heading as the 'system of housing supply' is potentially very broad. There could be an infinite number of facets for investigation. There could be more facets studied than is the case in this research. And there could, of course, be less. The choice of facets, or elements, is, in the final analysis a subjective decision, and the conclusions of the research depend wholly upon this.

The process of selecting facets, or elements, should be linked, however, with previous research analysis pertaining to housing supply and housing production. In a European or international comparison, particular care is required in this selection process.

Chapters 1 and 2 have provided some warnings against approaches which are too narrow. Comparative research at the present time generally casts a net quite widely (B.M.Bau, 1993; Barlow and Duncan, 1994; Dieterich et al 1993; Needham et al, 1993; Williams and Wood, 1993). These studies provide the framework for an holistic approach; the idea that where many individual facets are considered, outcomes reflect not simply the sum of these facets, but the sum of the *interaction* of the individual facets.

In order, however, to provide a base for discussion of the interaction of many facets, there is a need to 'cast the net' quite widely. To understand housing production outcomes, there are a number of facets deemed necessary for consideration. In Section 3.2, the following are considered:

- Housing production policy
- Land policy
- Planning policy

- Land supply
- Infrastructure provision
- The building process

These facets include a number of policy mechanisms, which when combined with the supply process, form a system of supply. This system is based upon the identification of facets of housing supply which are seen to be significant in the context of associated research. It should, however, be re-emphasized that an element of choice is involved in this process which may lead to the conclusion that systems are to be regarded in an a priori way. Hence, whilst 'choice' plays an positive role in managing the discussion, it may also provide a negative function where 'systems' are regarded as hypothetical entities in the first instance.

3.1.1.(ii) Analysis of systems: policy and process elements.

It should be stressed initially that the analysis of systems in this research is a function of the discussion about 'structure', which is carried out in Chapter 4. Section 4.3 is the key section which debates the relationship between the 'system' and 'structure'. At this stage (Section 3.1.1. (ii)), the concern is to identify the main components of the 'system', as it is discussed in Chapter 3.

In a simple form, a model of a '*political* system', as conceptualized by Easton (1965) appears thus:

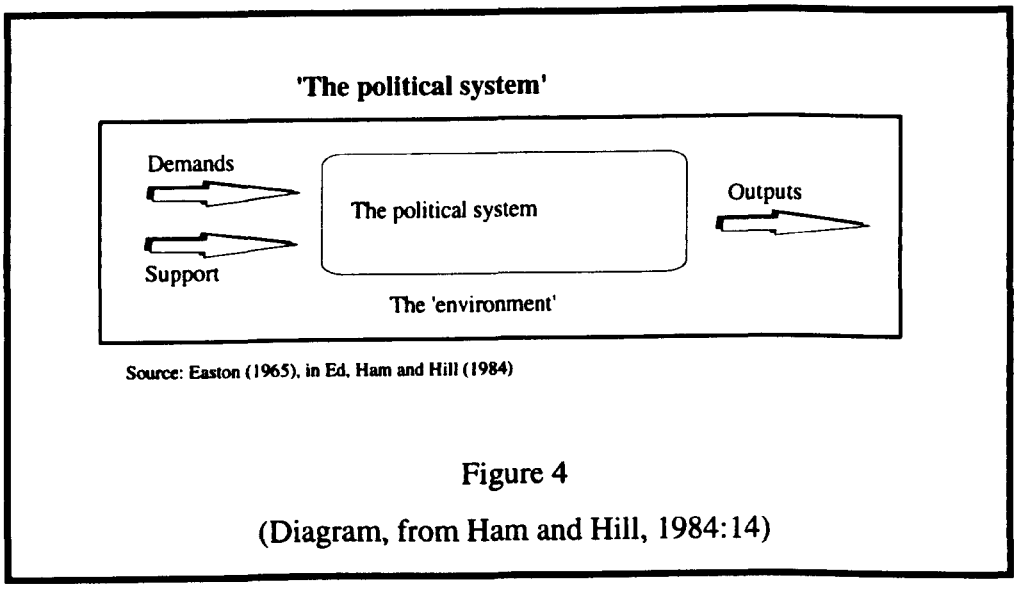


Figure 4

(Diagram, from Ham and Hill, 1984:14)

Figure 4 shows two 'input' factors, namely 'demands' and 'support', and 'outputs' which result. The political system operates within the context of the 'environment' and all together outputs are seen to be a result of the interaction of all factors. Easton's model is not complex. It is perhaps most useful since it draws a conceptual distinction between a 'system' and its 'environment'. This, however, is potentially complex and warrants further discussion. This is provided in Section 3.1.2, below.

Within Easton's 'political' system, there are further conceptual divisions. The study of 'systems' can be argued to be concerned with both 'policy' and 'process'. 'Policy' because this may reflect the 'objectives' of a 'system', and the 'process' since this

determines how, and whether 'policy' can be implemented in practice. The issue of implementation is stressed heavily in texts which deal with the analysis of systems (Ham and Hill 1984; Dunsire 1978; Weber 1947). This focus was possibly Weber's (1947) by origin, and which looked in particular at the bureaucratic nature of decision-making in organisations.

Whilst policy and process are considered as foundation stones for an analysis of the 'system', there is a need to make some additional points. Perhaps the most important relates to 'policy'. 'Policy', it should be noted, can take a 'symbolic' form. It can be about government 'statements', or the 'Queen's speech' (Ham and Hill, 1984:102). When looking at the issue of 'policy' therefore, it is important to be aware that sometimes there is a gap between rhetoric and reality. In Sections 3.2.1 to 3.2.3, the concern is with reflecting 'policy' both via what is said, as well as by looking at what effect it appears to have. This applies equally to the analysis of the 'process' (Sections 3.2.4 to 3.2.6), although as is argued in Section 4.2, some facets of the process can be measured in a meaningful way.

3.1.1.(iii) Linking choice of elements with analysis of systems.

To analyse systems in this research, there is a concern with both 'policy' and 'process' (Section 3.1.1.(ii)). In this section, the connection between the broad facets of policy and process on the one hand, and the specific 'sub' facets of housing supply are made. Figure 5, below provides an overview of the relationships.

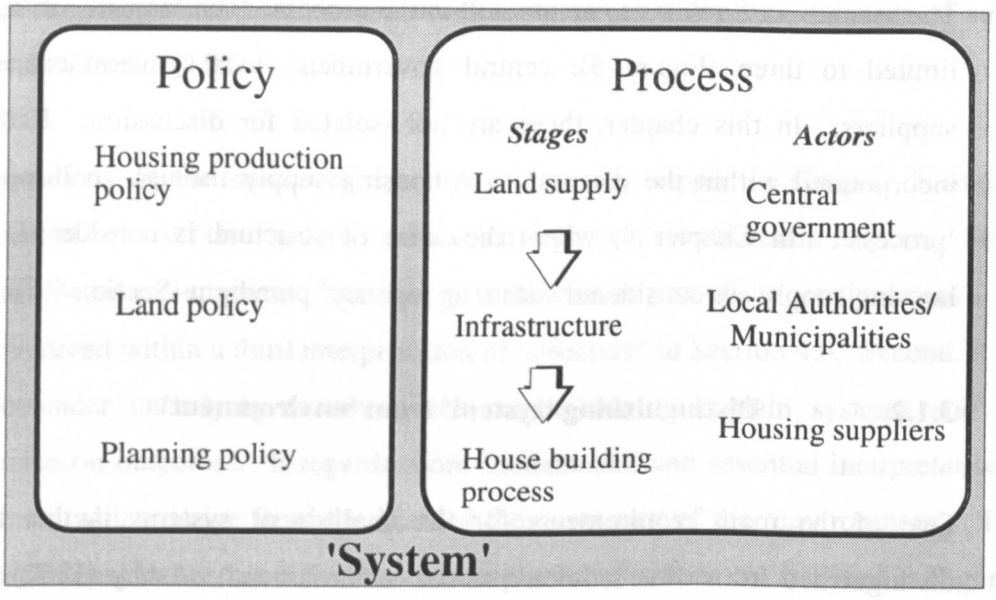


Figure 5

The 'policy' facets to be investigated relate to 'housing production', 'land' and 'planning'. The facets of 'process' to be investigated are sub-divided between 'stages' and 'actors', or 'agencies'.

The facets of supply (all 'sub' facets) of the system, for example, 'housing production policy', are dealt with in Section 3.2 in the same way. That is to say, the introductory section to each 'facet' is entitled 'an ambit of.....(the particular facet)'. This provides information on the issues to be reflected in the 'facet'. The broad 'policy' facets of 'production', 'land' and 'planning' are not seen to require further comment here. In respect of the relationship between the broad 'process' facet and the sub-facets of 'stages' and 'actors' (Figure 5), some further comment is required.

The first point to make relates to the 'stages' of the 'process'. In this respect it is important to emphasize that when looking at the 'process' of the 'system of housing supply', there is a possibility to consider more than one 'process', where there is more than one housing supplier. The extent of the diversity does not become apparent, however, without looking at the system of supply more closely. This is resolved within Section 3.2.

The second issue relates to actors within the process. The 'actors', or 'agencies', are limited to three (Figure 5): central government, local government and housing suppliers. In this chapter, these are not isolated for discussion. Rather they are incorporated within the discussion of housing supply through 'policy making' and 'process'. In Chapter 4, where the issue of structure is considered, agencies of housing supply are considered within an 'agency' paradigm (Section 4.5).

3.1.2. Distinguishing 'system' from 'environment'.

One of the main requirements for the analysis of systems is that they can be distinguished from what is known as the 'environment'. Ashby (1952) sets out five steps for analysing systems. These are:

> (1) The system to be investigated is explicitly distinguished from its environment.
> (2) The internal elements of the system are explicitly stated.
> (3) There are relationships between the elements of the system and its environment.
> (4) Where these relationships involve deductions, the canons of logical or of mathematical reasoning are employed.
> (5) Assertions concerning the relationships between the system and the real world are confirmed according to the canons of scientific method.
>
> (Ashby W.Ross, 1952)

In the pure sciences, the 'system' can be distinguished from its' 'environment'. In the social sciences, however, researchers do not operate within 'test-tube' conditions (Barlow and Duncan, 1994:39). This situation applies to the analysis of political or social systems. Rather there is a need to operate within metaphysical frameworks. Under these conditions there can be more than one way of conceptualizing the method by which problems and solutions are reconciled. In pure physics, understanding is derived from a much narrower framework.

The discussion about the system and the environment relies therefore upon conceptual rather than physical divisions. The relationship between 'system' and 'environment' is determined in this research by the way 'structure' is defined. The discussion on

structure incorporates both deeper structure concepts as well as concepts of surface structure (Section 4.3).

The analysis of the nature of systems of housing supply in Chapter 3 makes a distinction between the 'system' and the 'environment' in two main respects. First, it regards the macro-economic stance of governments as part of the 'environment'. This is considered within a third interpretation of 'structure' in Section 4.6. Second, it does not consider underlying factors which might help to explain systems and their influence on outcomes. It regards more fundamental and essential interpretations of structure, which derive from the Marxist thesis, as part of the 'environment'. These are considered in Section 4.7. These conceptual distinctions are outlined in Figure 21 (Section 4.3).

3.2. The system of housing supply.

3.2.1. Facet 1: Housing production policy.

3.2.1.(i). An ambit of discussion on housing production policy.

'Housing production policy' covers a potentially large number of issues and questions. Production policy is however, only the first of six main 'facets' selected for investigating a 'system of housing supply' which is the main theme of this chapter. The discussion therefore needs to be confined to what are seen to be the prime issues. The emphasis on the analysis of 'production policy' is suggested to consider first, 'the scope' for housing production policy; second issues of 'tenures' and 'sectors', and finally 'affordability' as an issue falling within the ambit of production policy.

The scope for production policy is considered in Section 3.2.1. (ii) (a). The role for governments, and indeed housing markets, in housing production is perhaps a good starting point. Housing production takes place against differing historical, demographic and economic backgrounds. These factors play an important role in determining the general level of house building in a country. The number of

dwellings constructed per head of population is perhaps the best indicator of the general level of housing construction.

The nature of policy on housing production, however, is reflected not only in the tenure of housing that is produced, but also in the role for different sectors of housing supply. 'Tenure' and 'sectors' do not always mean the same thing, however. Section 3.2.1. (ii) (b) considers the main lines of tenure policy and the implications for some production sectors of housing supply. In this way, it may be possible to draw out some conclusions on the complexities that are involved in understanding the nature of production policy.

A third important aspect of policy for housing production may be reflected in the question of 'affordability' (Section 3.2.1.(ii) (c)). This is a rather difficult term to tackle, as it can have several connotations. Hulchanski (1994) has provided six possibilities. In production policy, 'affordability' may be reflected in the way supply-side subsidies are given. There exist significant differences between the United Kingdom on the one hand, and the Netherlands and Germany on the other, in this respect. The discussion can be usefully expanded within the framework offered by Oxley (1987), which analyses the use of 'pure' and 'conditional' 'object' subsidies.

3.2.1.(ii) Nature of production policy.

3.2.1. (ii) (a) The scope for production policy:

The role for governments in housing production is determined by a number of factors. These can be historical, demographic, economic, social or ideological. In combination, these factors serve to influence the volume of house building in a country, and also to determine the general level of investment in housing. In looking at the 'scope of production policy', it is important to consider the impact these factors may have.

Important events in history, such as the Second World War, have had a marked impact on the overall need for housing. In Germany, damage to the housing stock was enormous (Power, 1993). Leutner and Jensen (1988) have calculated that in 1950 there were 5.5 to 6 million too few dwellings. Housing shortages were also significant in the Netherlands in the immediate post-war period (Boelhouwer and Van der Heijden, 1992:57).

Crude housing shortages created, in particular by the war, provide an explanation for high levels of house building in all three countries throughout the 1950s, 1960s and 1970s. Demographic factors, however, also have an important part to play in combination with the shortages. Significant in this respect is the fact that in the Netherlands there has been a very high rate of household formation. Between 1970 and 1987, the number of households increased by 50% (Boelhouwer and Van der Heijden, 1992:24). This may be contrasted with the United Kingdom and Germany where the rate of increase over the same period was only 23% in both countries (Boelhouwer and Van der Heijden, 1992:24). Shortages resulting from historical factors, combined with high rates of household formation, mean that rates of house building per head are very high in the Netherlands. This can be identified in Figure 6.

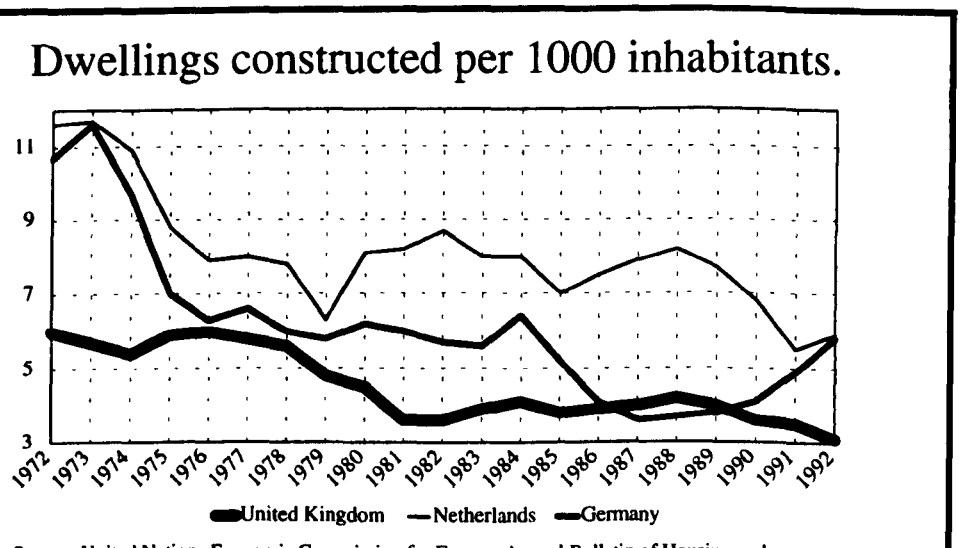


Figure 6

Figure 6 shows the rate of dwelling construction per head is also high in Germany, particularly until the mid 1970s. Demographic factors also have a part to play; the population in Germany has stagnated since the mid 1970s (European Commission, 1994). The consequence of this, is a decline in the level of housing construction per head. The trend falls below that of the United Kingdom in the late 1980s.

Economic and social factors have a part to play in determining the scope of production policy. Burns and Grebler's study (1967) showed how levels of economic development determined levels of investment in housing in different countries. Countries which were 'economically developed' had the highest levels of investment, up a point at where there became equilibrium between housing stock and population. This may apply in the case of the three countries studied, where also 'low levels of investment are likely to be related to low levels of house building' (Oxley and Smith, 1993:8). The United Kingdom has been shown to have the lowest level of investment in housing as a proportion of gross domestic product in all Europe (Ibid), which may also be a function of demographic factors (Ibid:24).

The scope for housing production policy is difficult to detach from these broader factors. Governments assume responsibility to varying degrees for housing production. The need to meet total housing production in economically developed countries may be regarded as an indication of the need for government intervention. A hypothesis that might follow from this would suggest that governments of the Netherlands and Germany would need to be more interventionist than in the United Kingdom, given the differing relative pressures of housing shortages and demographic change. Although this may be the case, it does not necessarily follow; governments may choose to leave housing production to the market or private sector as a solution. This may depend upon ideological or political factors.

3.2.1.(ii) (b) Production policy: tenures and sectors.

In the concern with housing production policy as a facet of supply, it is important to think not only about the total volume of housing production, but also about how this

total volume is divided between different tenures and sectors. This division is significant as a reflection of housing production policy generally. Production of certain tenures of housing, however, do not necessarily match up neatly with production by sectors in the comparative context. In practice, the term 'tenure' is often not interchangeable with the term 'sector'. Nor are housing tenures easily comparable between different countries. Housing researchers have consistently highlighted the dangers of attempting to compare tenure (Ruonavarra, 1993; Duncan and Barlow, 1988; Kemeny, 1994).

In this research, the concern is primarily with investigating production by different sectors. The research discusses the link between tenure and sector production in Section 5.2.2 and its sub-sections (i to iii). In that section 'private' and 'social' sector production are defined for comparison as a basis for a statistical investigation That however, is a separate exercize which is not dealt with here. In *this* section, some of the policy instruments used by governments are considered. These tell us more about issues of tenure, production by sectors and associated questions of supply and demand.

In the United Kingdom, the main thrust of housing policy since 1979 has been towards expanding owner-occupied housing. This has been well documented by commentators such as Saunders (1990), who has considered in particular, the financial benefits of the tenure in the 1980s (Ibid:120-202). Malpass (1986:11) has suggested that housing policy during the 1980s was very much a 'tenure policy', where issues such as 'new building' and 'rehabilitation' were overlooked.

Malpass' statement is perhaps an accurate reflection on what might be considered 'government housing policy'. This is to say that government could not be observed to be overtly promoting housing production, except perhaps in the social sector, where housing association grant (HAG) provides evidence of an intention to support housing construction. The expansion of owner-occupation through new housing construction, was not backed by any supply-side subsidies. Owner-occupation, did despite this, expand through the construction of new housing. To explain this fact, one needs to

recognize not only the importance of such initiatives as the Right-to-Buy, but also the link between private sector production (Figure 7) and owner-occupied housing which resulted.

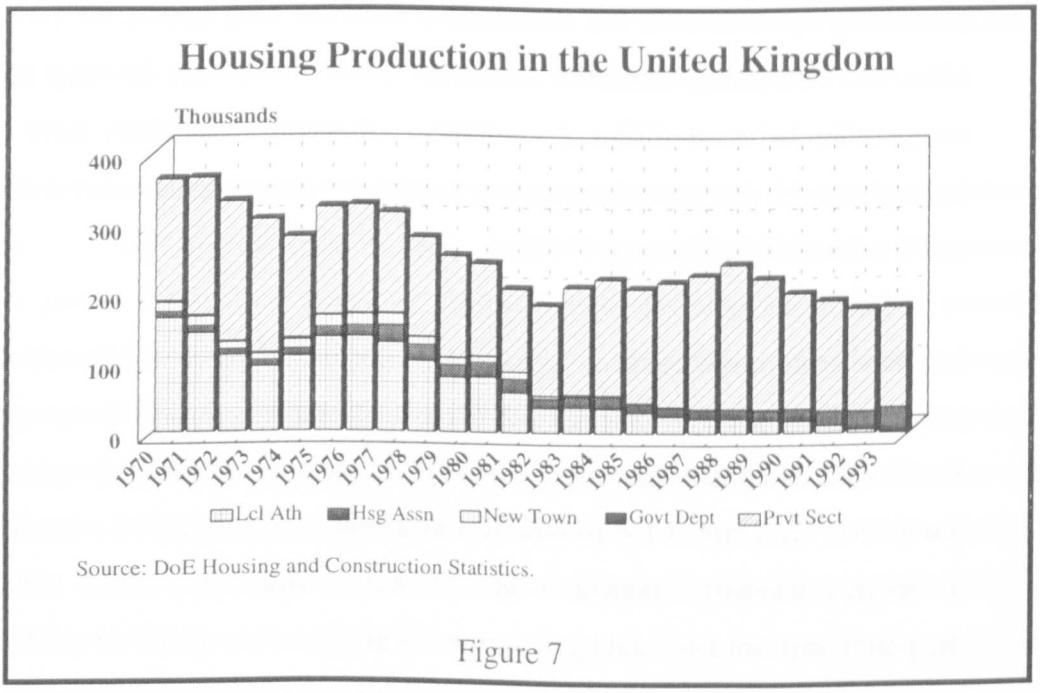


Figure 7

The policy of promoting home ownership in the United Kingdom has largely been at the expense of other housing tenures. Whilst social rented housing, promoted in the 1970s by local authorities and latterly by housing associations has been financially supported, albeit decreasingly over time, the private rented sector has been overlooked. It is difficult to identify any supply-side subsidies aiding the production of private rented housing. The only exception of recent times is the Residential Business Expansion Scheme (BES). This measure was introduced in 1988, although it came in many ways too late for a tenure that has been declining steadily since 1945; a consequence in no small part, of a history of relatively poor returns to investors.

The policy of housing promotion in the United Kingdom is summarised in a statement of the report of the German report (BMBau 1993:136) which is also useful as a yardstick for comparison with the Netherlands and Germany:

> 'In den Niederlande, Frankreich und Grossbritannien wird im allgemeinen mehr wert auf ein nur zweigleisiges Fördersystem gelegt: Selbstnutzender Eigentümer und sozialer Wohnungbau. In Deutschland dagegen halt man

seit Jahrzehnten an einer Dreiteilung fest: Selbsnutzende Eigentümer, privater Mietwohnungsmarkt und sozialer Mietwohnungsmarkt'.

(B.M.Bau, 1993:136)

('In the Netherlands, France and Great Britain there is more emphasis upon a two way system of promotion: owner occupied and social house building. In Germany on the other hand, there has been for decades a three way division: owner occupiers, private rented housing market and the social rented housing market').

The statement can be used to extend the discussion on production policy and tenure. First, to the Netherlands. The statement suggests that the systems of housing promotion in the Netherlands and Britain are similar in so far that there is a dual channel; owner-occupation and social housing. However, Dutch housing associations ('Hsg Assn' (Figure 8)) have made a greater contribution to total levels of production than their counterparts in the United Kingdom. This can be noted by comparing Figures 7 and 8.

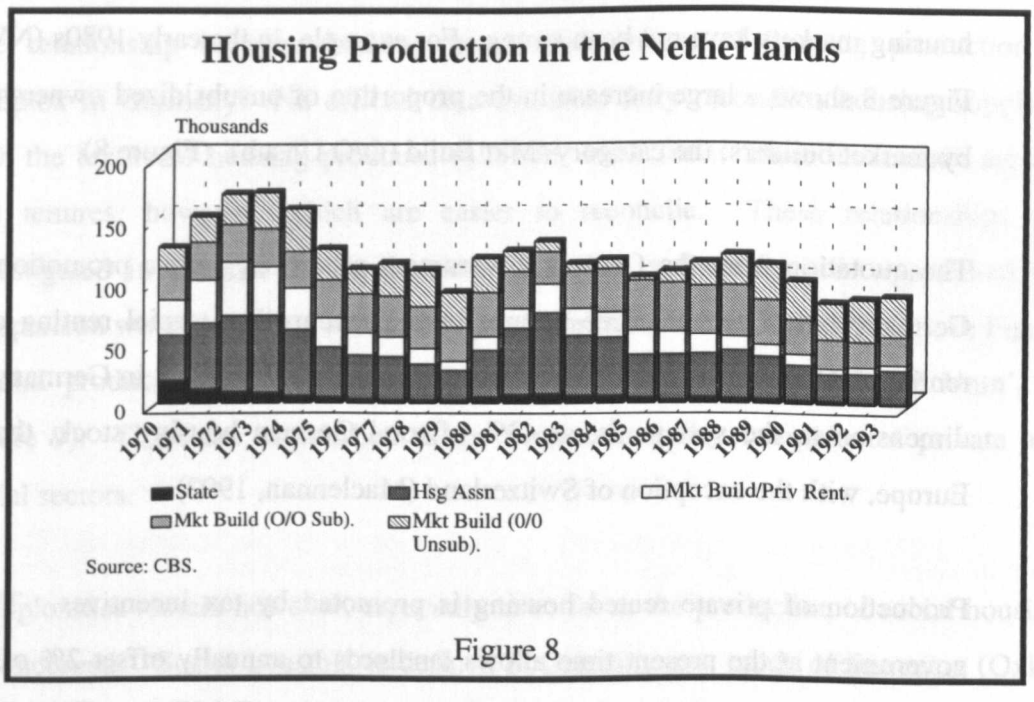


Figure 8

The statement of the German government report (B.M.Bau, 1993) is however, more apposite to the period of the 1980s where private rented housing production was in decline in the Netherlands. Figure 8 shows that production of dwellings for this

tenure is supplied by market builders; 'Mkt Build/Priv Rent', in Figure 8. Private rented housing prior to the 1980s, was promoted quite enthusiastically by central government. It began to decline, however, following the introduction of the system of Dynamic Cost Price Rents in 1975. The decline can be observed in Figure 8. Prior to the introduction of this system, rents were largely uncontrolled. Following its introduction, however, government assumed responsibility for rent setting. This had the effect of driving out the institutional investors (Boelhouwer and Van der Heijden, 1992:50) for whom the market builder sector construct housing.

The policy towards owner-occupation in the Netherlands has influenced house building trends significantly. The rhetoric is strongest since the mid 1980s. The policy document 'Housing in the Nineties' (MVROM, 1989) forsees an increase in the owner-occupied housing stock from 44% to 50% before the year 2000 (MVROM, 1989). This will be achieved through an increasing proportion of new unsubsidized production. In the past, a significant volume of owner-occupied housing production has been subsidized by central government. This has tended to increase at times when housing markets have not been strong. For example, in the early 1980s (NVM, 1994). Figure 8 shows a large increase in the proportion of unsubsidized ownership housing by market builders; the category 'Mkt Build (O/O Unsub)' (Figure 8).

The quotation from the German government report suggests a promotion system in Germany based around three tenures: owner-occupation, social renting and private renting' (BMBau, 1993:136). The private rented housing stock in Germany, as a third dimension to the system, is, at 43% of total German housing stock, the largest in Europe, with the exception of Switzerland (Maclennan, 1993).

Production of private rented housing is promoted by tax incentives. The German government at the present time allows landlords to annually offset 2% of the capital value of the housing investment against income (B.M.Bau 1993:136). These depreciation allowances are combined with an ability for landlords to deduct for tax purposes a variety of maintenance charges and interest costs (Oxley and Smith, 1994).

Private rented housing is promoted by 'large commercial lessors and higher income private individuals' (Oxley and Smith, 1994:98).

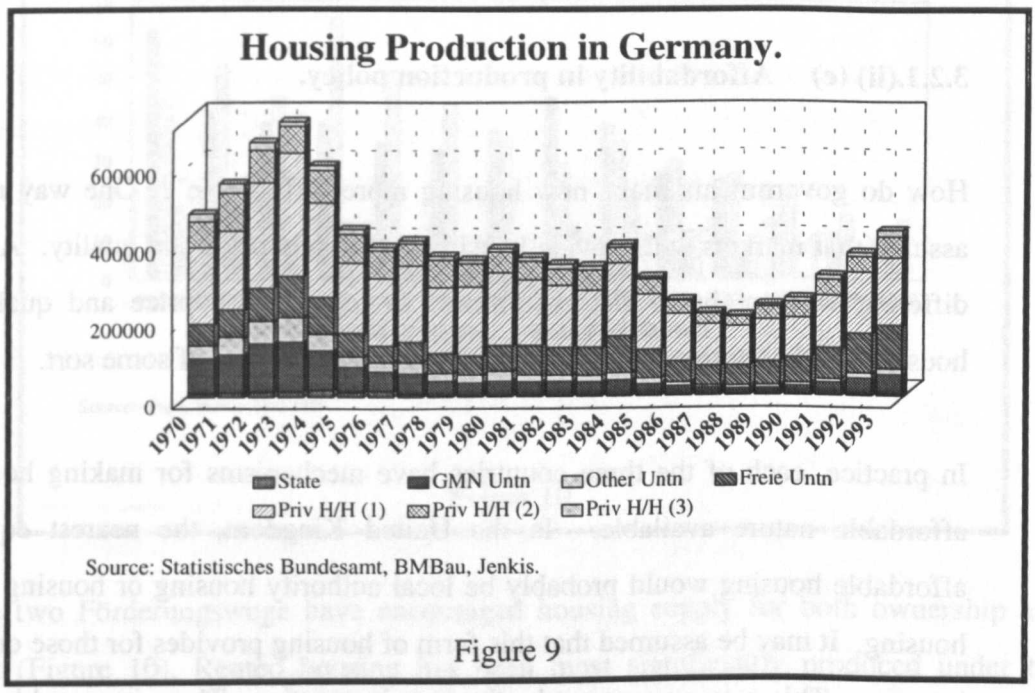


Figure 9

The relationship between housing tenure and sectors of housing production is complex in Germany. No official data available fully reconciles housing suppliers with the tenure of housing produced (Ulbrich, 1991:286). There are certain sectors and tenures, however, which are easier to reconcile. These relationships are investigated in Chapter 5. In Section 5.2.2 (iii), a framework is established for comparison which looks at production by private households ('Priv HH (3)', in Figure 9) and production by 'Gemeinnützige Wohnungsunternehmen' ('GMN Untn', in Figure 9). These are established as the best comparative examples of private and social sectors.

Complexities remain however, especially in so far as the production of social housing is concerned. 'Social housing' is defined in Germany as a mode of financing (Oxley and Smith, 1993:12) and it is not limited to registered institutions as is the case in the United Kingdom and the Netherlands. Social housing derives from specific government subsidy sources which are made available to any housing supplier who fulfils the criteria under which the money is made available. The Förderungswege are

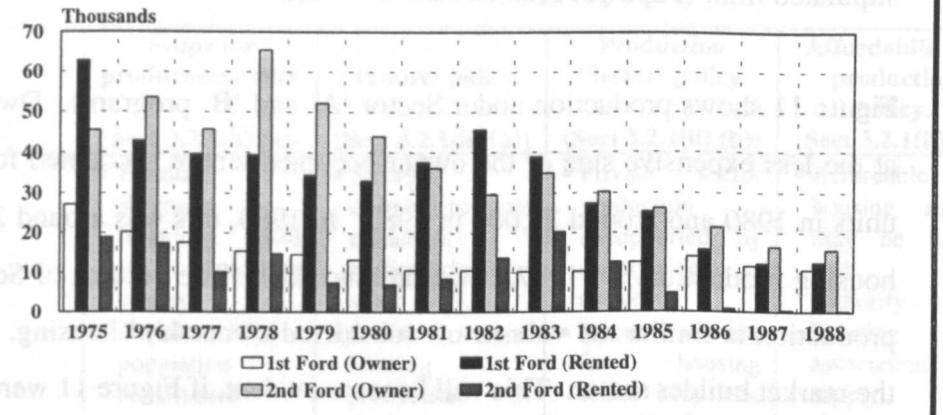
an example of this. These are considered primarily as a means of achieving a balance between household income and housing promotion. They are considered in the following section.

3.2.1.(ii) (c) Affordability in production policy.

How do governments make new housing more 'affordable'? One way might be to assume that markets will provide housing at the right price and quality. Another very different way might be for government to regulate the price and quality of new housing. Either option may create inefficiences or failures of some sort.

In practice, each of the three countries have mechanisms for making housing of an affordable nature available. In the United Kingdom, the nearest equivalent of affordable housing would probably be local authority housing or housing association housing. It may be assumed that this form of housing provides for those on the lowest incomes. This may or may not be the case in practice. There is arguably a high risk for the misallocation of funding in addressing housing need within the traditional funding methods for social housing in the United Kingdom. In the United Kingdom, funding of social housing is characterized by what Oxley terms 'pure object subsidy' (Oxley, 1987:166). This occurs where governments provide subsidy for the construction or provision of a dwelling, but do not make this subsidy conditional upon specific criteria relating to the intended occupants of the dwelling.

There is a more interesting division between the United Kingdom and the other two countries. This can be explained in terms of Oxley's 'conditional object subsidies', which apply more appropriately to production in the Netherlands and Germany. The conditional object subsidy is provided to housing suppliers who undertake to build housing for households who fall 'within a specific income group or socio-economic category' (Oxley, 1987:166). A good example of this form of subsidy for housing production is demonstrated in the two Förderungswege in Germany.



Source:- Papa, Bundesblatt 1989.

Figure 10

The two Förderungswege have encouraged housing supply for both ownership and rent (Figure 10). Rented housing has been most significantly produced under the Erster (First) Förderungsweg, whilst the Zweite (Second) Förderungsweg has produced a significant number of dwellings for ownership. To attract subsidy under the Erster Förderungsweg, the dwellings must be built for households with 'an income under a given maximum' (Papa, 1992:57). To attract subsidy under the Zweiter Förderungsweg, the dwellings must be built for households with income 'no greater than 40% above those households in Erster Förderungsweg type dwellings' (Papa, 1992:57). In 1975, around 170,000 dwellings were produced as a result of the First and Second Förderungsweg. This constituted 37% of total production. In 1988, production had fallen however to 39,000 dwellings, around 19% of total production.

In the Netherlands, conditional object subsidies have also figured in an important way. Some examples of these are 'Sector A' and 'Sector B' housing which relate to the construction of owner-occupied homes. Under these programs there is subsidy for the construction of dwellings which house either households with a specific income limit (Sector A), or where the dwelling constructed falls under a certain cost (Sector B) (Papa 1992). These programs work to the advantage of both supplier and occupier. The housing supplier, often a housing association, receives a loan at reduced rate,

backed by the local municipality, and households receive an annual subsidy (BMBau, 1993:134) to help with the purchase, provided that income does not exceed a stipulated limit (Papa 1992:17).

Figure 11 shows production under Sector 'A' and 'B' programs. Dwellings produced at the less expensive side of the owner-occupied tenure accounted for around 33,000 units in 1980 and around 27,000 in 1987. In 1980, this was around 27% of all Dutch housing production. In 1987, it was around 25%. The volume of Sector 'A' and 'B' production is similar the volume of 'subsidized ownership' housing, supplied through the market builder sector. This will become evident, if Figure 11 were to be compared with column 'd' of Table 8 in Section 5.2.1 (ii).

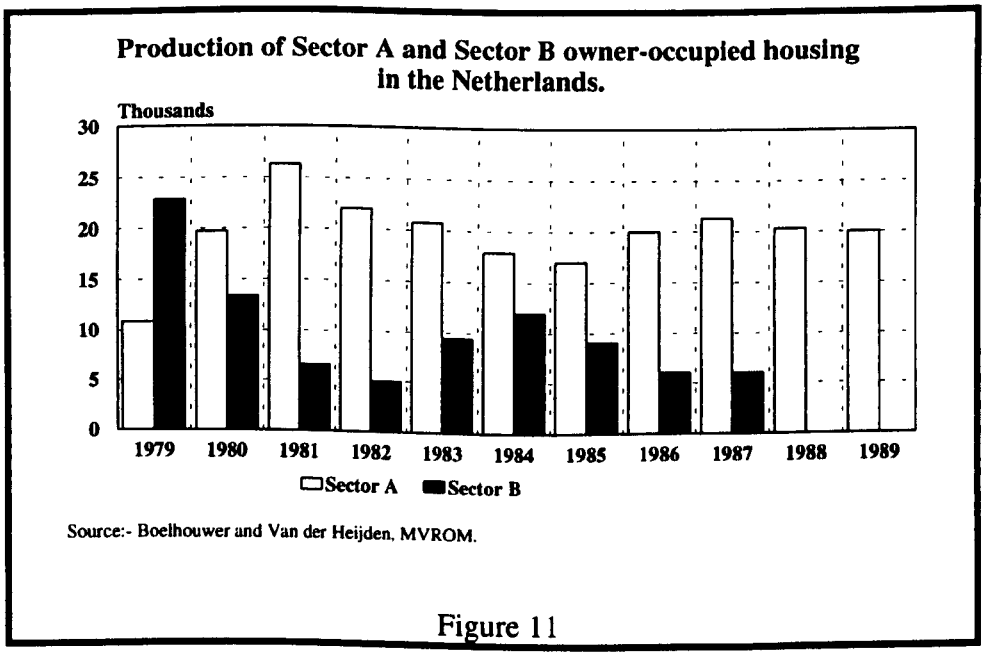


Figure 11

3.2.1. (iii) Synthesis of production policy issues.

Table 1: Production policy.

	Scope for production policy (Sect 3.2.1(ii) (a))	'Tenure' policy. (Sect 3.2.1(ii) (b))	Production 'Sector' policy. (Sect 3.2.1(ii) (b))	Affordability in production policy. (Sect 3.2.1(ii) (c))
United Kingdom	• Housing shortages relatively small in European context. • Dwelling/1000 population constructed relatively low.	• Strongly oriented towards ownership, particularly since 1979. • Social rented housing production in decline since 1979. • Private rented sector spasmodically supported.	• Private sector production unsupported by supply-side subsidy. • Direct subsidy for housing social' suppliers, e.g. - HAG. • Support for private renting negligible.	• Affordable housing supply may be linked with local authority and Housing association supply. • 'Pure' object subsidies. • No 'income' conditional subsidy schemes.
Netherlands	• Significant housing shortages. • Very high population growth. • Dwelling/1000 population constructed relatively high.	• Ownership supported, particularly since mid 1980s. • Social housing historically strong. • Private rented sector less attractive to investors since mid 1970s.	• Market builders supported by supply-side subsidies for owner-occupied housing. • Direct subsidy for social housing: to housing associations.	• Affordable housing through 'conditional object' subsidies (Oxley, 1991). • Sector A and B housing for ownership as examples.
Germany	• Significant housing shortages particularly following WW II. • Population growth slower since 1960s	• Ownership encouraged, particularly in 1980s. • Private renting particularly encouraged.	• Most sectors of supply encouraged by supply-side subsidies. • Förderungwege provide framework for production of ownership and rented housing supply of social nature.	• Förderungwege: First and Second allow for supply-side subsidies for those in lowest and next to lowest income brackets.

3.2.2. Facet 2: Land policy.

3.2.2.(i) An ambit of land policy discussion.

What is 'land policy' and what can it be about? This section aims to outline the main aspects of land policy in the three countries and its relationships with housing production.

How land policy might affect housing production depends to an extent upon its relationship with planning and housing policy as well as the way in which policy instruments relate to the actors within the process of housing supply. These aspects are considered in Chapter 4 which looks at models of 'structure'. In *this* section, the principal concern is to report on the main facets and features, differences and similarities and, and hence provide a reflection of the nature of the system of housing supply in each country.

'Land policy' can be about a variety of things. It can be concerned with questions of 'ownership' (Massey and Catalano, 1978; Adams and May, 1990; Carter et al, 1986), 'betterment' (Prest, 1981; Balchin and Kieve, 1988; Harvey, 1987:340), 'pricing' (MVROM, 1991b) or indeed 'taxation' (Dieterich et al, 1993:87; Needham et al, 1993:75; Williams and Wood, 1993:59).

Questions of 'ownership' in the context of housing production, are seen to be mainly about the ownership of development land. This question is addressed in Section 3.2.2.(ii) (a). Questions about 'pricing' touch upon a fundamental question of how land prices are established; usually this will be by reference to a 'market mechanism', although this market mechanism will often be indistinguishable from the role of government. In some countries the way in which land prices are established will be covert. In others, however, the state overtly stipulates prices for land: the Netherlands is the example. Questions about land pricing are discussed in Section 3.2.2. (ii) (b).

Questions of 'betterment' are discussed in Section 3.2.2. (ii) (c). These are questions about who should receive the financial uplift which accrues when land moves from one use, which is for example agricultural, to another which is for example a potential for housing or some other 'built' use. The land in its agricultural state accrues transfer earnings from the growing of crops or grazing of animals. When an alternative use is made possible via the planning system, there is a gain over and above the earnings from agricultural use which becomes known as 'economic rent'. Questions about land policy hinge very much on the desirability of the state in trying to capture some of this, with an aim to realizing externality benefits or indeed to reducing harmful side effects arising from development.

Finally, questions about the taxation of land (Section 3.2.2. (ii) (d)) can consider any significant policy instruments relating to the transfer of ownership of land, to increases in value of land, or even to issues such as inheritance or death duties on land, since these may all occur in relation to the development of land. Some of the most important are considered.

3.2.2.(ii) Nature of land policy.

3.2.2 (ii) (a) Ownership of development land.

Ownership of housing development land in the context of a comparative study can be looked at in terms of 'private' and 'public' ownership. 'Private' here means private individuals, private households, to large private housing developers or intermediary land speculators. 'Public' means here, either central, regional or local government ownership.

In these respects there is a significant difference between the United Kingdom and Germany on the one hand, and the Netherlands on the other. Figure 12 provides an overview.

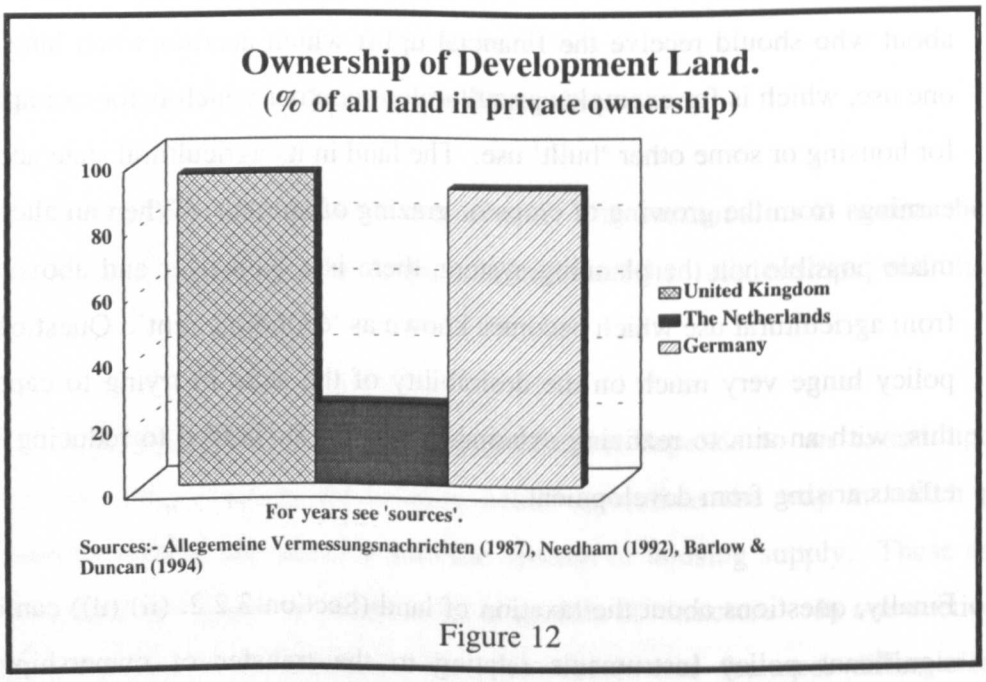


Figure 12

Ownership of development land' needs to be related in this context to a stage in the development process, in order for the comparison to be meaningful. The 'stage' at which ownership is 'measured' is the stage at which land is prepared for building. This is, in the German case, what is known as Baureifes Land (Dieterich et al, 1993:119). In the Netherlands, the statistic derives from serviced land sold by municipalities to various building sectors. In the United Kingdom, the statistic relates to land supplied through the open market.

The comparison can be made from previous research findings, although it must be stressed that for Germany and the Netherlands, the data derives from more detailed sources than for the United Kingdom. The statistic for Germany is derived from Scholland (1987) and reported in Dieterich et al, (1993:109). The research of Scholland breaks down land supply by ownership and by planning and land development stages. It provides a figure of only 12% of all land being owned by municipalities and the church for Baureifes land. For the Netherlands, Needham (1992:670) provides evidence that 77% of serviced building land is supplied by municipalities. This figure is derived from the Central Statistical Bureau's Maandstatistiek Bouwnijverheid. For the United Kingdom, however, there appears to be no such detailed data, which links ownership with particular stages of

development. The figure that is used therefore, is one calculated by Barlow and Duncan (1994:42), which suggests around 90% of land being supplied through 'open markets' in the 1980s. The role of local authorities in land supply is said to have declined since the 1970s. Local authorities have offloaded land from their land banks to the private sector (Barlow and Duncan, 1994:48).

How these differing land ownership situations arise is a function of many factors. Some importance is attributed to cultural and ideological factors; the way in which land is 'viewed' in each of the countries. The report of the German government (BMBau 1993:XXXIV) emphasizes these factors. The report makes a distinction between Britain and the Netherlands on the one hand, and Germany on the other. It suggests (B.M.Bau 1993: 51 and 71) that actors in housing development in the former two countries see land as a product from which 'groundrent' should be derived, whereas in Germany land is viewed as a 'good in its own right' (BMBau 1993, XXIX). These cultural perceptions do not, however, support the distribution of land ownership at the development stage (Figure 12).

These theories, however, need to be set in the context of practical issues. In the Dutch case, for example, commentators (Faludi, 1989:5; Davies, 1989:340) attribute the extent of the role of municipalities in the ownership of development land mainly to reasons which are directed towards the problem of land preparation and service provision. These operations might otherwise be too expensive for private sector interests. The distribution of ownership between public and private sector is potentially a function of a much broader sweep of factors.

3.2.2.(ii) (b) Land pricing.

As this thesis progresses, it will be evident that land markets function very differently in response to the way in which they are regulated by governments. Barlow (1993:1130) has suggested that this is a key relationship in understanding housing production. The relationship between 'state' and 'market' is a broad and significant one, which considers the question of how land values are arrived at. As suggested in

Section 3.2.1 (ii), land pricing by the state is an overt method of determining land values.

In the United Kingdom there has been no attempt by government to specify land prices over the period with which this research is concerned. Although government action, or indeed 'inaction' may influence the price of land, the basis of determining land value has remained 'market value'. This has always been the case, even through the brief period in which the Community Land Act operated during the 1970s. This principle has been reinforced in a recent government circular (D.o.E, 1994). This states that local authorities must provide good reason for selling land at less than market value to the social sector.

The principle of determining land prices according to the 'market value' is one which has also been used in Germany since the 1960s (Dieterich, 1994). The only exception to this is where large scale city re-development schemes are to be carried out: the so called 'Stadtebauliches Entwicklungsmassnahmen', or 'City Planning Development Measures'. In these circumstances, land can be purchased by municipalities 'for a price that does not include hope value' (Dieterich et al, 1993:73). In such a case, the way in which land prices are arrived at may be regarded as similar to that in the Netherlands, in that the municipality may be considered as the only or main purchaser of potential development land; a situation of 'monopsony' (Needham, 1988:69). However, the sale price of serviced development land in these circumstances in Germany is not influenced by central government pricing policies, as happens in the Dutch case.

Indeed, land prices in the Netherlands have traditionally been prescribed to a significant extent by central government. Prices were, up until the mid 1980s fixed for building in most of the housing sectors (MVROM, 1991b:3). It is interesting to note that in official statistics, land prices are provided for many different housing sectors (CBS). Two of the most important categories are land prices in the 'market' and 'social' sectors, although land prices are also related to housing which is

'subsidized' and 'unsubsidized' These detailed classifications are seen to be a result of a land market which government pays particular attention to.

'Pricing', of course, does not mean that land values are not market determined in the Netherlands. Land prices are influenced as in other countries by the interaction of state and market forces. The price of land is market determined as a result of economic, geographic and physical factors. However, different forms of state intervention lead to markets that function in different ways. Land pricing, in conjunction with the role of municipalities in land supply influences prices, although in a different way to other countries which do not have land supplied through the state, or a 'pricing' policy. The formulation of land values is considered in some detail by Needham (1992:681-5). He suggests an 'institutional' perspective should be adopted when understanding the price mechanism (Ibid:672).

3.2.2.(ii) (c) Betterment.

Who 'gains' from land policy within the field of land development is a question which touches the concept of 'betterment'. Sometimes the state intervenes in order to appropriate betterment value in development schemes. Such an interference may be considered to be an attempt to appropriate development 'rights'. The issue of betterment was highlighted in a government paper (D.o.E, 1974) prior to the Community Land Act:

> 'The growth in value, more especially of urban sites, is due to no expenditure or thought on the part of the ground owner, but entirely owing to the energy and enterprise of the community.....it is undoubtedly one of the worst evils of land tenure that instead of reaping the benefit of the common endeavour of our citizens, a community has always to pay a heavy penalty to its ground landlords for putting up the value of their land'
>
> (D.o.E, 1974).

Such a philosophy provided the grounds for the principles underlying the Community Land Act in the United Kingdom. This Act, however, did not realise its objectives. There were problems with land holding as well as the administering of the Act due to

poor legislative drafting (Prest, 1981:99). The Act was repealed in 1979, although Development Land Tax, introduced as a partner to the Community Land Act, remained until 1986. The role of the state in attempting to introduce formal measures to recoup betterment is seen to be a short lived one in the United Kingdom.

State ownership of development rights in Germany also does not feature in a major way. There are no state betterment levies in principle and attempts to introduce them in the past have failed (Dieterich at al, 1993:72). This is also the case in the Netherlands, although there it is mainly because the opportunity for speculation for private land owners has not arisen due to the role played by the municipality. The extent to which municipalities themselves benefit from the uplift in land is not known; there is little research in this area. The primary objective when selling land to private sector builders or housing associations is said to be first; to cover the costs of land acquisition and the costs of preparation and servicing (Van der Schans, 1995). If there is then some profit to be gained, this will be influenced by the development scheme itself: the number of houses in to be built in each sector. These issues are elaborated in Section 4.4.4 (iii).

The issue of 'betterment', the growth in land value due to planning, needs to be seen however, in the broader context of the development process. In the Netherlands there is little need a formal policy instrument aimed at recouping betterment, whilst in the United Kingdom and Germany the uplift in land values are discounted by particular mechanisms specific to each country. In the United Kingdom, planning agreements and obligations have played a part. In Germany, betterment is often shared between housing supplier and municipality, via the role of the latter in the process of Erschließung (Section 3.2.5.).

3.2.2.(ii) (d) Land taxation.

In the United Kingdom, perhaps the most important tax on land has been the 'Development Land Tax'. This operated from 1976 until 1986 when it was abolished by the second Thatcher government. It applied on a percentage of the increase in the

value of land between acquisition and disposal. The applicable rate fell with time. When the tax was introduced around 80% of the increase (after allowing for given exemptions) was taxable, whilst in 1986, when the tax was abolished, the rate was 40%.

In the Netherlands no such tax exists (Needham et al, 1993:191). This is largely because the increase in land value is due to the actions of the municipality. A tax can be levied, known as a 'bouwgrondbelasting' ('building land levy') where, due to municipal improvements to land, (for example drainage), land becomes easier for private operators to build on (Needham et al, 1993:69). Its main purpose, is however, not punitive, but to encourage landowners to contribute to the necessary public works (Needham et al, 1993:69). If they do this, landowners then become exempt from the tax.

In Germany a 'speculation tax' exists for land which is acquired and sold within two years (Dieterich et al, 1993:89). This is linked to incomes and can also apply where the land concerned relates to inheritance. In practice, however, this form of tax does little to hinder speculation since 'two years is too short a period' (Dieterich et al, 1993:92).

3.2.2.(iii) Synthesis of land policy issues.

Table 2: Land policy.

	Land ownership (Sect 3.2.2(ii) (a))	Land pricing (Sect 3.2.2(ii) (b))	Betterment (Sect 3.2.2(ii) (c))	Land taxation. (Sect 3.2.2(ii) (d))
United Kingdom	• Supplied mainly through open market. • private individuals, development companies • Land considered as a tradeable source of rent.	• 'Pricing' is not an overt operation. • Land values established by reference to 'market'.	• Overt attempts by state to 'recoup' betterment limited to brief period of 1970s. • Apportionment of betterment via planning agreements and obligations (covert).	• Development Land Tax (1976-1986): tax on disposal land acquisition costs.
Netherlands	• Development land owned mainly by municipalities. • Sources suggest c.75%	• Overt pricing of land by central government. • Especially for social housing production.	• Betterment accrues to municipalities. • No formal mechanisms to recoup betterment.	• 'Bouwgrondbelasting' used where landowners may not contribute to land preparation and infrastructure provision.
Germany	• Supplied mainly through the private sector. • private individuals, development companies with c.90%. • Land considered as a 'good in own right'.	• Pricing is not an overt operation. • Land values established by reference to 'market'. • Exceptions:- 'Städtebaulich Entwicklungsmaßnahmen'.	• No overt intervention. • Betterment shared between public and private sector in a covert way. • Municipal responsibility for infrastructure is significant in this.	• 'Speculation' tax on land acquisitions & disposals < 2 years. Easily overcome however.

3.2.3. Facet 3:-Planning policy.

3.2.3.(i) An ambit of planning policy discussion.

'Planning' is an extremely broad term. It is potentially confusing when used in one country, let alone in a comparative context. The choice of 'planning' as a facet in the

system of housing supply is not one which is lightly undertaken. The term 'planning' itself, as well as the field of discussion needs to be defined quite clearly if something useful is to be said about housing supply. A number of 'sub-facets' need to be identified to aid understanding of 'planning policy' and the way it may influence housing production.

'Planning' is intended here to denote what in the United Kingdom may be understood by 'physical planning'. In the United Kingdom, this is probably best reflected in the term 'Town and Country Planning'. This concept may be best equated with the Dutch term 'Ruimtelijke Ordening' and the German term 'Raumordnung'. These may be broadly translated as 'spatial ordering'. 'Ruimtelijke Ordening' and 'Raumordnung' are associated with planning at the national and Federal levels (Davies, 1989:345; Hooper, 1989:274).

'Physical planning', however, is not always a stand-alone facet of housing supply. It can be variously linked with what might be termed economic or social factors. One of the most important consequences of these relationships is the way in which planning can be used to prescribe particular tenures of housing. In this respect planning may take on a more comprehensive nature. Section 3.2.3 (ii) (a) expands this debate by reference to, amongst other issues, social housing production.

Physical planning has, as an objective, the allocation of land for development. It also aims to control the form of development. Recent comparative studies (D.o.E, 1989; B.M.Bau, 1993) have focused on planning control and upon the implications of physical planning for land markets. The main policy instrument considered is the 'development plan'. These research studies suggest that the significance of the plan is different in different countries. The importance of these differences is discussed in a second sub-facet (Section 3.2.3 (ii) (b)), with particular reference to the relationship between development plans and land values.

3.2.3.(ii) Nature of planning policy.

3.2.3.(ii) (a) A 'comprehensive'planning policy?

For housing development in the United Kingdom, the 1980s were a time of significant change (Brindley et al, 1989; Thornley, 1991; Healey, 1992). Perhaps the most important pieces of government policy guidance were first, Circular 22/80, 'Development Control Policy and Practice' (D.o.E, 1980a), which encouraged local planning authorities to adopt more efficient practices and speedier development control procedures; and second, Circular 14/85 'Development and Employment', (D.o.E, 1985), which urged planners to a 'presumption to allow development' unless there were 'material' reasons why this should not be the case. Rolling back the frontiers of the state was the policy theme which accompanied not only planning but other aspects of public policy. The planning system was to become more 'market-aware' (Healey, 1992:13), even to the extent where there was said to be a 'by-passing' of the planning system (Thornley, 1993). This was all very much a shift away from the concept of 'blueprint planning' (Balchin and Kieve, 1985:118), a hallmark of the 1970s, where local authorities enjoyed a more significant role.

Consistently throughout the 1980s, the planning system in the United Kingdom was unable to prescribe social housing with any ease (Joseph Rowntree Foundation, 1994:34; Stevens, 1994:56; Barlow, 1994:2). This situation can be seen to have changed in the 1990s as a result of Circular 7/91 'Planning for Affordable Housing' (D.o.E, 1991), which now allows local authorities to plan for a mix of housing development. This 'mix' however may not touch upon the question of 'tenure':

> 'policies should give clear guidance on what the authority would regard as affordable housing.....policies should not, however, be expressed in favour of any particular tenure'
> (Department of the Environment, 1992, Planning Policy Guidance Note 3).

Planning of a comprehensive nature is arguably better equipped to prescribe specific housing tenures. This is the case in the Netherlands, and the relationships between planning and housing production outcomes are considered in particular at the local

level in Section 4.4.4. At the national level, physical planning in the Netherlands provides a context for other facets of public policy (Brussaard, 1986:2).

For housing production, key planning policy stances are reflected in a series of National Planning Reports of which there have been four produced since the 1960s. These have been very important in determining the location of housing development. The Third Report in 1973 was instrumental in shifting a significant amount of households into the new towns around the Randstad; a policy of 'clustering' of development (Zonneveld, 1989:44). The most recent Physical planning report, the Fourth (1988) and the VINEX (Fourth Report Extra 1992), (Alders, 1991) are interpreted as being a movement towards the consolidation of housing and industrial development; the idea that cities should become 'compact' and that the focus should be upon economic strengthening of the existing strong economic areas in the large cities (Buijs, 1993:138). The concept of planning as a re-distributive tool has become less significant over time (Ibid:140).

The national planning reports provide a spatial framework for the integration of residential, industrial and transportation schemes. The reports represent measures which arguably go beyond planning strategies in the United Kingdom, especially in so far as the national level is considered. The spatial plans in the Netherlands are linked with subsidies for housing development in specific locations. These determine municipal planning to a great extent. Housing development will be stimulated by central government subsidy, and commercial property schemes through 'public-private' partnerships, particularly for urban renewal (Spaans et al, 1996).

The ideal of comprehensive planning in Germany is made explicit in the definition of 'Raumplanung' (Kimminich, 1986):

> 'the comprehensive, superior planning and ordering of space, superior in the sense that it is above the local level combining and harmonising the various special planning activities'
>
> (Cited from Hooper, (1989:274).

Yet, it is important, as in the other two countries, to look briefly at planning policy from a historical perspective to understanding the extent to which planning may be called 'comprehensive'. Indeed, Raumplanung has found many varied forms since the 1970s. In the late 1960s there was a 'comprehensive' approach (Kunzmann, 1984:23), where the idea that 'integrated urban planning' was possible. This was in conjunction with stronger state steering of the land market. The 1960s were a time of 'Planungseuphorie' (Fürst, and Ritter, 1993:15), in which there was an attempt to bring together politicians and planners.

Since the middle of the 1970s, however Raumplanung has to some extent lost its identity and influence (Fürst and Ritter, 1993:16). This was the result of external factors which were to do with changing of municipal boundaries and to do with the oil crisis of the mid 1970s. The stagnating population level of the 1970s also relieved some of the pressure on planners and questioned the need for a 'Gesamtstrategie' ('Totalstrategy') (Ernst, 1991:42).

In place of the strategic approach has come, throughout the 1970s and 1980s, a planning system of a different nature. Whilst the prescriptive development plan system has remained, there has been a greater role for the individual Länder, and the interest has shifted from the plans themselves to the process of planning (Fürst and Ritter, 1993:16). In these respects, plans have been steered increasingly from 'endogenous' factors to take on a more reactive role. Particularly important have become environmental concerns and with a greater role for public participation in the planning process. The 1970s are seen as a period in which themes of 'entrepreneurship', 'nostalgia', 'conservation', the 'village ideal' were to the fore (Adrian, 1976:16). Planning became within the 'market mechanism' to a greater extent and there was a greater role for participation in planning. 'Raumplanung' in the 1980s at the national policy level became concerned with particular regional problems to do with 'energy' and 'local traffic problems' (Ernst 1991:43). This was a period in which planning was in a state of 'stagnation' (Fürst and Ritter, 1993:16) and in which attempts to co-ordinate at a more strategic level were largely not carried through.

The focus for planning in the 1990s has been directed towards the demands of the re-unified economy. This has put pressures on planning for a closer relationship with housing policy (Lauschmann 1991:289) and in particular the need to provide 1 million dwellings in the early part of the 1990s. From this there should be 100,000 social dwellings (Ibid:289), which demands greater co-ordination between the two fields. The enabling of social housing through the German planning system is written into law (Dieterich, 1994), although there must be 'very special reasons for using this instrument' (Ibid).

3.2.3.(ii) (b) Development plans.

The prime land use planning instrument in all three countries today is the development plan. It is possible to say 'prime', however, in the context of the Netherlands and Germany with more confidence than it can be said in the context of the United Kingdom. This is because until the Planning and Compensation Act 1991 was introduced in the United Kingdom, development plans were considered alongside what are known as 'other material considerations' as the basis of planning decisions. The 1991 Act represents a 'change from a market or appeal-led approach to development control to a plan-led approach' (Purdue, 1994:399). However, there still remains doubt about the status of the development plan in the context of development control decisions (Purdue, 1994:399; Hands and Yendole, 1992:112).

Detailed studies of planning control (D.o.E 1989; BMBau 1993) provide a key distinction between the United Kingdom and mainland Europe in respect of the status of the development plan. The plan at the local level, the Dutch bestemmingsplan and the German Bebauungsplan are intended in practice to be 'legally binding' documents prescribing the location and nature of land use development. The antithesis of this, perhaps is exemplified in Circular 14/85 'Development and Employment' (D.o.E, 1985) in England and Wales which states that 'local planning authorities should not refuse permission just because the development was contrary to the development plan'.

Two operational issues relating to physical planning systems, are their 'certainty' and 'flexibility' (D.o.E, 1989:440). In theory, these issues have implications for the time taken to obtain planning permission. Systems which are both 'uncertain' and 'inflexible' might be expected to be less efficient than planning systems which are both 'certain' and 'flexible'. In practice, however, these extremes do not tend to occur together. In the United Kingdom, the system of development plans in combination with 'other material considerations' leads to a planning scenario which is 'uncertain', yet 'flexible', whilst development plan systems which are more prescriptive and legally binding are more 'certain', yet less 'flexible'. The conclusion of the Department of the Environment's report on 'Planning Control in Western Europe' is, however, that these two situations do not provide any particular advantages over each other:

> 'On permits, overall there is probably not much difference between England and overseas, the shorter time for proposals in conformity with legally binding plans being offset by the longer time likely to be needed for a permit based upon the preparation of, or amendment to, a plan, and the combination of building and planning control'
>
> (Department of the Environment, 1989:439).

The effect of development plans however, need to be considered within the development environment in which plans operate. Development plans which are 'binding' on the one hand, or used in conjunction with other 'material considerations' on the other, can only create the same outcomes, where all other things are equal. Figure 13 can be used to demonstrate the importance of looking at both 'planning' and 'land' policy issues together. The information is derived from the recent report of the German government on urban land markets (B.M.Bau, 1993:160).

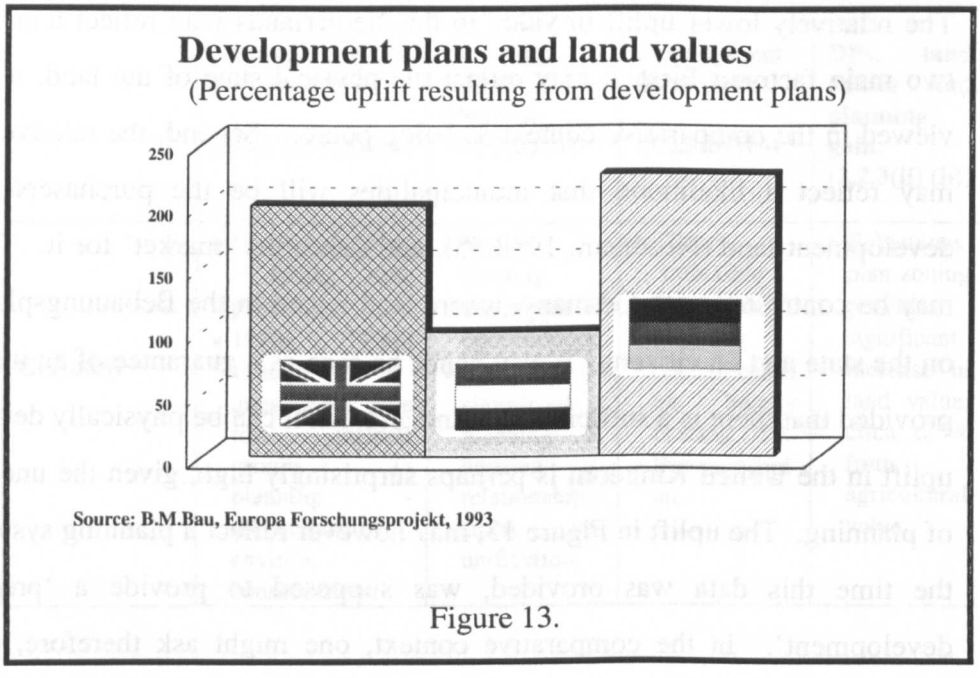


Figure 13.

Figure 13 shows the uplift in value attributable to development plans. The plans concerned, are the local plan in the United Kingdom, the bestemmingsplan in the Netherlands and the Bebauungsplan in Germany. For the United Kingdom, the uplift between agricultural values and land allocated in development plans is in the region of 200%. The uplift in the case of Germany is higher at around 225%. In the Netherlands the uplift in value is only around 100%. The figure relates to land markets in the mid to late 1980s (BMBau, 1993).

These differences serve to demonstrate the complexities involved in understanding the role played by development plans in the formation of land prices. There is a paradox in the fact that the Netherlands and Germany, which both have legally binding development plans find themselves at the extremes in Figure 13. Given that both the Netherlands and Germany have a legally binding system, it may be expected that development plans would have the same impact on price formation. Furthermore it may be expected that development plans in the United Kingdom would have the least impact on uplift in values, since development plans have traditionally only been one consideration in decisions about planning control. Figure 13 suggests other factors are at play.

The relatively lower uplift in value in the Netherlands may reflect a combination of two main factors. First, it may reflect the physical state of the land, which may be viewed in the comparative context as being poorer. Second, the relatively low uplift may reflect a likelihood that municipalities will be the purchasers of potential development land (Needham, 1988:55), and hence the 'market' for it. This situation may be contrasted with Germany, where land zoned in the Bebauungsplan is binding on the state and on citizens. It may hence be seen as a guarantee of an uplift in value, provided that there is a sufficient demand and that it can be physically developed. The uplift in the United Kingdom is perhaps surprisingly high, given the uncertain nature of planning. The uplift in Figure 13, may however reflect a planning system which, at the time this data was provided, was supposed to provide a 'presumption to development'. In the comparative context, one might ask therefore, whether this 'presumption to development' has the same effect as in countries where an entirely different system of planning control exists?

3.2.3.(iii) Synthesis of planning policy issues.

Table 3: Planning policy

	'Comprehensive planning (Sect 3.2.3(ii) (a))	**Planning & Social Housing.** (3.2.3(ii) (a))	**Development plans (DPs)** (3.2.3(ii) (b))	**DPs, land values and planning gain.** (3.2.3(ii) (b))
United Kingdom	• 1970s: local authority role in planning more significant than: • 1980s: Circulars 22/80, 14/85, providing developer power in planning process.	• Historically - social housing not enabled through physical planning. • Circular 7/91 now allows LAs to plan for 'affordable' dwellings.	• Theory: 'flexible yet uncertain'. • Planning control based on DPs and 'other material consideration • 1991 Act: primacy for DPs.	• Allocation in DP provides increase of circa 200% from agricultural values.
Netherlands	• Centrally planned system since 1940s. • Most evident in four national planning reports. • Latest of which 1988 & VINEX.	• Social housing proactively enabled through planning, housing and land policy instruments.	• Theory: 'inflexible yet certain'. • Planning control based on legally binding DPs: • Bestemmings plan.	• Zoning in Bestemmin gsplan provides lower uplift; circa 100% from agricultural values.

	'Comprehensive planning (Sect 3.2.3(ii) (a))	Planning & Social Housing. (3.2.3(ii) (a))	Development plans (DPs) (3.2.3(ii) (b))	DPs, land values and planning gain. (3.2.3(ii) (b))
Germany	• Up to mid 1970s - strong state planning. • 1980s: 'Total strategy' questioned: role for interest groups in planning - commerce, environ, conservation.	• Social housing under special circumstance • More significant planning & housing relationship since re-unification.	• Theory: 'inflexible yet certain'. • Planning control based on legally binding DPs: • Bebauungsplan.	• Bebauungs plan zoning provides significant increase in land value; circa 225% from agricultural value.

3.2.4. Facet 4:-Land supply.

3.2.4.(i) An ambit of discussion on land supply.

'Land supply' is the first element or facet of the development process to be discussed. It should be recalled initially, however, that 'the development process' is difficult to discuss in an unambiguous way (Section 3.1.1. (iii)). There can be many 'development processes'; a function of there being many different housing suppliers. These housing suppliers are involved sometimes at all three stages of development, namely land supply, infrastructure provision and the building process. In other cases they will be involved only at some stages. This will vary according to the country considered. A comparative analysis, therefore, needs to take account of all three stages of development.

The discussion of land supply is inherently linked to the discussion of land policy. It was shown in Section 3.2.2, how the ownership of development land differs. This is in itself a reflection of an aspect of land supply. In the Netherlands, most land for house building is supplied by municipalities, whilst in the United Kingdom and Germany various private sector agencies supply land for house building. These can be private development companies or private households. There are inevitably

connections between land policy and the land supply process. Whilst this may be the case, there should however, not be too much descriptive overlap.

This section is concerned with certain aspects of land supply which are seen to provide either a supporting or constraining role for the supply of land. Previous research provides a number of issues connected with land supply. Hallett and Williams (1988:17-48) have focused on the role of physical planning and land policy in land supply; 'planning' issues can be shown to be about the *allocation* of land, whether by guiding principles or by zoning, whilst 'land policy' can be argued to be about ensuring that land allocated in development plans is made *available* for housing production. This key relationship is a focus of recent research (Carter et al, 1986; Hooper, 1986; B.M.Bau, 1993). It is in many respects the springboard for successful development. If there is good co-ordination between planning and land policy within the development process, schemes can be initiated quickly and development costs minimised. Poor co-ordination can lead to non-implementation and misallocation of resources. The debate is expanded theoretically in the context of the three countries in Section 3.2.4 (ii) (a).

The relationship between the allocation of land in development plans and its availability for house building can be explained both by reference to theory and practice. Differing systems of supply bring about different roles for agencies. One of the most important consequences in the comparative context is to give greater significance to private land owners where private systems of land supply prevail. It is little surprise that 'land owners' are the subject of much discussion in the United Kingdom, (Massey and Catalano, 1978; Goodchild and Munton, 1985), whilst land owners in the Netherlands are given apparently less research attention. Section 3.2.4. (iii) (b) takes an interest in the role of the land owner in the development process and shows how the differences in status arise.

Another policy instrument which can support the process of land supply is compulsory acquisition, or 'compulsory purchase'. This can be used to encourage or commit landowners to sell their land to the state. Compulsory purchase is termed

'Onteigning' in the Netherlands and 'Enteigning' in Germany, which translate as the 'taking away of ownership'. Compulsory purchase instruments are used differently in different European countries (B.M.Bau, 1993:152). Section 3.2.4. (ii) (c) looks at how they relate to land supply and land values in the three countries.

3.2.4.(ii) Nature of land supply.

3.2.4. (ii) (a) Land allocation and land availability: some theory.

As suggested in the previous section, the relationship between land allocation and land availability may differ between countries in accordance with the state's land and planning policy stance. That it does 'differ' is likely to be the case, and may be appreciated from Sections 3.2.2. and 3.2.3. In this section, the relationship is considered. This is best introduced by reference to a theoretical framework. This is provided in Figure 14, which shows three *potential* relationships between land allocation and land availability.

At possibility 'A', there is a constant and uniform relationship between land allocation and land availability. This means that for every additional acre or hectare of land that is allocated in development plans, land policy instruments somehow ensure that one additional acre or hectare of land becomes available for housing construction. It can be said that in a general way that planning objectives are being met being by the land policy.

At possibility 'B', there is a situation in which land is available in the absence of any allocative mechanism. This is one extreme situation which could occur where there were no planning regulations or where planning regulations had been so relaxed as to have little influence upon housing outcomes. At possibility 'C', which is the other extreme, land is being allocated by some planning mechanism, but no land becomes available. Here planning is prescribing or guiding land usage, but land is not being made available due to some obstacle in the land market or failure of land policy. This could occur for a variety of reasons. There could be no demand for housing or

probably linked to this, there might be a desire on the part of the land owner to hold on to the land until it becomes more profitable to dispose of. Another situation which might occur is where a developer is trying to have the type of the land use designation changed in favour of some more profitable outcome: for example from residential to retail.

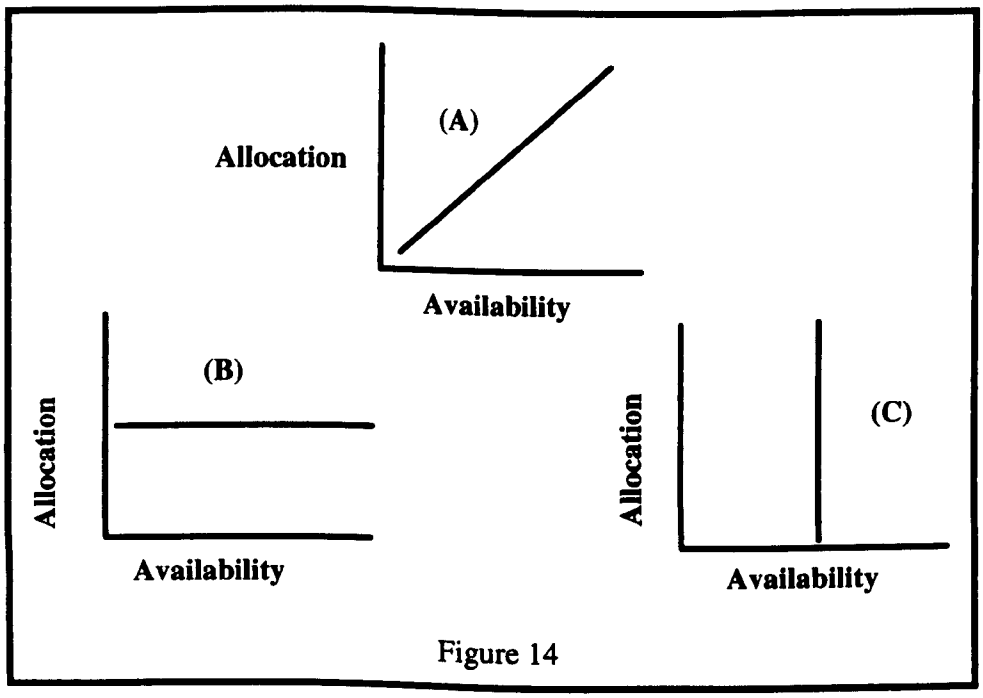


Figure 14

In practice, however neither possibilities 'B' nor 'C' may occur to a great extent in the cases of the three countries being studied, at least in the very long run. The possibility 'C', that land availability is totally inelastic to development plans is unlikely, except perhaps in situations where land is contaminated or cannot be developed due to market or local conditions. Even more unusual would be the situation at 'B', where land was in plentiful supply without any development plan allocating more land. The relationships will lie, if not at 'A', then somewhere marginally higher or lower than it. The slope of such a line will also be a modification of 'B' and 'C', where the lines will be tilted to a degree.

To those without particular, perhaps vested interests in the development process, situation 'A' would seem perhaps to be most ideal: there are no obstacles to development, and planning inefficiency is minimised. But how close are the three

countries to achieving this 'ideal' situation? To be able to answer this question there is a need to provide some conditions, or criteria, for its achievement:

- First, and perhaps the most beneficial situation, might be that both planning and land development functions were undertaken by the same agency in the development process. This is termed 'condition 1'. If this were politically acceptable (and there are countries where this might not be), there would be an agency or organization which determined the amount, type and tenure of housing to be built. Not only this, but the agency would grant itself planning and building permission and then build the houses itself under its own building quality standards. Such a comprehensive approach may manage to minimise costs as well as to solve the problem of reconciling land and planning objectives.

- Second, land allocation and land availability may be reconciled better if the opportunity cost of land holding is increased. This can be done by narrowing the market for development land. This is termed 'condition 2'. In some systems this may be done through market mechanisms; very long periods of low inflation in the housing market may dampen interest, although there is no certainty that land owners will sell their land assets in favour of alternative capital investment. The other way of reducing the opportunity cost can be at the other extreme; through the imposition of monopoly behaviour in the land market. This could most effectively be done by creating a single source for the purchase of potential development land, which is in effect economic monopsony.

- Third, to minimize the problems of the land availability and allocation, the cost of land holding might in some way be increased. This is termed 'condition 3'. What might happen is that owners can achieve higher prices for land by holding on to it. If this is the case, then by taxation measures they can be encouraged to sell it. Whether this solves the problem, or whether land owners simply pass the tax on to the next purchasers depends very much upon other policy instruments. If the tax has the desired effect, however, it will be to rotate the curve in a clockwise direction from 'A'.

- Finally, there may need to be some form of mechanism to allow the state to minimally achieve some of their planning and land goals. This can be termed 'condition 4'. Here compulsory purchase orders are an example. These need not necessarily be applied in all cases, but there must be some recourse to the state in order to deter land owners who wish to withhold land from the market. Allied to this point, is the capacity of the acquiring authority to fund such acquisitions.

To understand the relationship between land allocation and land availability in the three countries these criteria should now be applied to what is known about land and planning.

3.2.4 (ii) (b) Land supply: between theory and practice.

In the United Kingdom, there is a quite clear division between the public sector, which acts formally as the planning authority and the private sector who are the main suppliers of land for housing development. This means that 'condition 1' (a central organization of planning and development land ownership), is not fulfilled. Neither is 'condition 2'; the market for development land in the United Kingdom is broad. It involves many types of buyers. These buyers are concerned either to maximize profits from land dealing, or to buy land when house prices are highest. This speculative activity does not necessarily coincide with the making of development plans. Rather it is a function of housing market and economic cycles.

Under these circumstances the private landowner is an important player. In the United Kingdom, the 'land owner' is represented in a plethora of interests, ranging from large financial institutions through private development companies to individual land owners (Massey and Catalano, 1978), most of whom who are concerned with maximising the value of their land. Generally, the pattern in property cycles over the past twenty years has enhanced their ability to do this, and speculative activity has arguably been encouraged by a government reluctance to become pro-actively

involved in land banking. Brown et al (1984) have identified both 'market conditions' and 'landowner behaviour' as important constraints to land availability.

Closing the gap between allocation and availability via the 'condition 3' above, is no longer possible in the United Kingdom since the abolition of Development Land Tax (Section 3.2.2.(ii)(d)) in 1986. One objective of introducing the tax in 1975 was to bring development land on to the market. This was not the result, however, probably because landowners waited for a change of government and a re-think on land policy. 'condition 4', however, the use of compulsory purchase in order to make land available is clearly used, although its' significance in housing development has declined since the 1970s, whereby most of the slum clearance programmes were completed.

There are stark differences between the United Kingdom and the Netherlands, where in the Dutch case, both planning functions and land supply fall within the domain of the state municipalities ('condition 1'). Needham has suggested that development land in the Netherlands can be regarded as being 'on tap' (Needham, 1992:684). If Figure 14 is re-considered, this may suggest that the 'allocation-availability' relationship lies as at 'A': as land is required by planning, land policy response is to release it.

However, it should be said that having planning and land supply under one roof, as it were, does not guarantee the 'A', in Figure 14. The situation must be seen, as in the United Kingdom and Germany, very much in the context of additional land policy instruments and land markets. It is here that the second 'condition' outlined above, applies. In the Netherlands, the market for development land is in practice a narrow one, since municipalities are the main 'customer'. This may not arise from a policy which aims specifically to reconcile planning and land supply; rather from historical reasons or reasons relating to problems with physical conditions of development. The net result, from whichever of these reasons, however, is that original landowners only have a limited market into which their land can be sold.

This may help to explain why neither 'condition 3' nor 'condition 4' are particularly significant in the Netherlands. The land owner, if not wishing to sell land to the municipality, will be liable for a tax contribution to infrastructure costs (Needham, 1993:69). This may make it preferable to sell to the municipality. The use of 'Onteigning', compulsory acquisition, is also insignificant. Statistics suggest that only 0.06% of all land acquired by municipalities for development between 1979 and 1982, required the use of compulsory purchase powers (Needham et al, 1993:76).

The supply of land in Germany is affected by many similar factors to that in the United Kingdom. This is hardly surprising given the similar land policy stances (Section 3.2). There is, as in the United Kingdom a division of labour between public sector planning and private sector land ownership. This makes 'condition 1' unachievable.

As in the United Kingdom, there are a proliferation of different interests in the land market in Germany. Speculation in land is significant (Dieterich et al, 1993:128), particularly amongst intermediate land owners. Companies have been formed with a specific interest in investing in farmland with hope value (Dieterich et al 1993:110). Owners of development land in Germany are divided into three groups (Dieterich et al 1993:110): 'market' orientated housing companies (Freie Wohnungsbauunternehmen), 'non-profit' owners (e.g. housing associations or the Landesentwicklungsgesellschaften - the development companies of various Länder), and private owners. These are classified as 'intermediate' land owners. These intermediate owners, who are owners of land zoned in the Flächenutzungsplan, or regional plan, can gain from the uplift in value created when the Bebauungsplan is finally made. This is a value which can be quite considerable (B.M.Bau 1993: 159).

3.2.4. (ii) (c) Compulsory purchase and land values.

Compulsory purchase can be used as a mechanism for making land available in all three countries (B.M.Bau 1993:153). The ability to use compulsory purchase is dependent upon the very particular needs of localities and there must be some

common need identified (Ibid). There is only limited data on the use of compulsory purchase in the comparative context. As was suggested (Section 3.2.4 (ii) (b)), there is little need for the Dutch municipalities to use Onteigning. This is because of their position in the development process as both land use planners and land developers. Rather Onteigning can be used as a method of last resort (B.M.Bau 1993:139). Compulsory purchase measures are not used so often for housing schemes in the United Kingdom, particularly since 1979 and their use is limited in Germany, except for comprehensive development, exemplified in the Städtebauliches Entwicklungsmaßnahmen (BMBau, 1993: 152).

The basis of compensation which arises is also an important consideration. In the Netherlands this is known as the 'actual worth', which in practice is around double the existing use value (BMBau 1993:152). The price paid by Dutch municipalities to land owners is not the equivalent of what might be paid under similar circumstances in the other two countries. It is what is termed an 'institutional' value (Needham, 1992:672), which reflects the monopolistic position of the municipality in the land market. In the United Kingdom, the basis of compensation is the 'market value', which, in accordance with Section 16 of the Land Compensation Act 1961 should reflect both existing use value and 'hope' value where it is appropriate. In Germany, the basis of compensation is the value to the municipality of the land for 'Verkehrswert' (B.M.Bau, 1993:152). This is anticipated to relate to the benefits of having land for roads and other infrastructure.

3.2.4.(iii) Synthesis of land supply issues.

Table 4: Land supply.

	Land allocation and land availability. (Sect 3.2.4. (ii) (a))	**Theory and practice.** (Sect 3.2.4. (ii) (b))	**Compulsory purchase and land values.** (Sect 3.2.4. (ii) (c))
United Kingdom	• Public sector planning and private sector land supply. • Land supply influenced by market trends, & speculative activity.	• Institutional and private interest in land markets; significant for allocation-availability relationship. • Makes possibility 'A' (Figure 14) difficult to achieve.	• CPOs not used extensively. • Basis, 'market value', which can include 'hope value' for planning consent.
Netherlands	• Planning and land supply through municipality. • Influences land acquisition prices in context of monopsony (Needham, 1992).	• Municipal role creates single market for development land. • Private land owner relatively less significant.	• Relatively insignificant: not used often as municipal role obviates. Private owners sell willingly. • Price up to double 'existing use' (BMBau, 1993)
Germany	• Public sector planning and private sector land supply. • Land supply influenced by market trends, & speculative activity.	• Some institutional interest in land market. • This is significant in influencing the timing of land supply on to the market in conjunction with housing market trends.	• Enteigning not often used. • Basis, 'market value'.

3.2.5. Facet 5:- Infrastructure provision.

3.2.5.(i) An ambit of discussion on infrastructure provision.

Infrastructure provision is the second main stage in the 'development process' to be examined. Once land has been zoned or allocated in development plans and made

available by land owners, it needs to be serviced in order that housing can be built. The issue of 'infrastructure provision', raises a number of questions, particularly in a comparative light.

The first of these questions asks what is meant by 'infrastructure provision'? Section 3.2.5 (ii) (a) considers the development process in the United Kingdom, Netherlands and Germany with a view to establishing a comparative framework. This relies quite substantially on the work of the German government report (B.M.Bau, 1993:153-158), which considers the question of infrastructure provision under the term 'Erschließung'. The translation of this term is not wholly reconcilable with other countries, although it provides perhaps the best basis for a comparison of infrastructure provision.

In Section 3.2.5 (ii) (b), the question of infrastructure provision is considered in the light of economic theory. 'Infrastructure' can be considered to be a response to a practical need to service new housing development. Infrastructure needs to be provided somehow. Economic theory relating to, for example, 'public goods', 'externalities' or 'merit goods' has a role to play in defining the way in which governments attempt to pass on, recoup or share infrastructure costs with private sector organizations. These economic issues are discussed in Section 3.2.5 (ii) (b) and should be considered amongst much of the debate about infrastructure.

Technical questions relating to infrastructure provision are discussed in Sections 3.2.5 (ii) (c) and (d). These provide information on the responsibility for infrastructure in each of the countries, and on the agencies who provide infrastructure. In these two respects there is a main division between 'municipalities' (Dutch Gemeente, and German Gemeinde) and local authorities on the one hand and 'private' sector organizations or individuals on the other. Who provides infrastructure in different countries is determined by a number of factors. These are also considered in Section 3.2.5 (ii) (d) Finally Section 3.2.5 (ii) (e) considers the funding of infrastructure; who pays, and how it is paid for.

3.2.5.(ii) Nature of infrastructure provision.

3.2.5. (ii) (a) What is 'infrastructure provision'?

What 'infrastructure' means, can be varied. Perhaps at its most significant it can be the construction of a national motorway, whilst at its least significant, it can be a network service pipeline; water, gas, electricity, or telephone connection to a single dwelling. The potentially diverse range of interpretations means that for comparison a common source of information should be relied on. As suggested in Section 3.2.5.(i) , the source utilized is that of the German government (B.M.Bau, 1993).

The report uses the term 'Erschließung', which can be translated as 'infrastructure development' (Dieterich et al, 1993:72). This term needs to be seen in a German context; of statutory instruments which can be used to bring about infrastructure provision. These instruments are 'Umlegung' and 'Grenzregelung', which can be used to change the shape of land plots where it is required to provide infrastructure. The term 'Erschließung' implies a comprehensive 'closed' approach to infrastructure provision, which is very different to that in the United Kingdom, where a more ad-hoc approach is adopted.

'Erschließung', which will henceforth be termed 'infrastructure provision', is divided into two categories (B.M.Bau, 1993:153); 'primary infrastructure provision', and 'secondary'. The primary infrastructure includes 'streets, parking areas, public utility cables and green spaces'. 'Secondary Erschließung' relates to 'social infrastructure'. In so far as costs are concerned, the division between the two classifications in Germany is not relevant for housing development (B.M.Bau, 1993:154); costs of both types of infrastructure are borne between municipality and private developer. In the Netherlands however, there can be special funding for 'secondary infrastructure', especially in relation to the construction of social housing (B.M.Bau, 1993:154).

The divisions between primary and secondary infrastructure are valuable and thought provoking. There is a need to ask what is 'infrastructure', and what is not

'infrastructure'? In the Dutch case, for example, there is a need to be alert to the fact that there is a potentially grey area between what is in practice 'land preparation' and what is 'infrastructure provision'. The 'preparation of land' may be considered as being linked to 'infrastructure', yet in the Netherlands the former is an entirely different and additional stage of the development process. This is not so much an issue in the United Kingdom or Germany. The need, very often, to raise the level of land, or to drain it in order to make it suitable for building, is an additional cost in the Netherlands over and above the usual 'infrastructure' considerations. Anderweg and Irwin (1993: 6) provides a typifying illustration for the problems of development in the Netherlands when they state that we should believe that 'God made the world, but the Dutch made Holland'

3.2.5. (ii) (b) Economic theory and infrastructure.

In economic theory, 'infrastructure' can be considered to be about the provision of 'public' goods, 'merit' goods and 'externalities' (Loughlin, 1985). 'Public' goods are those goods, which 'even if consumed by one person, can still be consumed by other people' (Begg et al, 1989:340). Examples of this might be roads or water pipelines. 'Merit' goods are 'goods that society thinks everyone ought to have regardless of whether they are wanted by each individual' (Begg et al, 1989:343-344). Some examples of this are health, education and leisure. 'Externalities' arise 'whenever an individual's production or consumption decision directly affects the production or consumption of others, other than through market prices' (Begg et al, 1989:322).

The question of infrastructure provision meets these issues directly. For housing development there must be roads, sewers, electricity cables and so on. These may be considered 'public goods'. The grant of planning permission, moreover, will have the effect of creating some adverse and some beneficial consequences. The planning process can be argued to be a 'non-market decision' and hence decisions on planning matters are decisions which lead to harmful or beneficial externalities. The 'merit good' issue enters the sphere of housing development in connection with the

externality issue since it is often argued that the benefit created for those developing land or housing should be returned in some form to the wider community.

These concepts are sometimes helpful in understanding why governments adopt a certain stance on infrastructure. The extent to which countries find it necessary to mitigate the adverse effects of planning decisions by making developers provide 'social' or some other beneficial 'infrastructure' is important. Or indeed, the extent to which the state wishes to trade off planning permission for infrastructure gains is also important. This can be argued to be the essence of the process in the United Kingdom, particularly since the introduction of planning obligations. In other countries, this trade off will be less overt, where the state takes decisions on all forms of infrastructure and passes on the costs to house builders. This is more the case in the Netherlands. Under either circumstance, however, the welfare arguments may play an important role.

3.2.5. (ii) (c) Responsibility for infrastructure provision.

This section is set aside from the following section since it does not follow that those organizations responsible for infrastructure provision, necessarily provide infrastructure. A brief note of explanation of necessary.

In Germany it is the legal responsibility of the municipalities (Dieterich et al, 1993:70) to ensure that infrastructure is provided, in accordance with § 123-135 BauG. It is hence laid down in a (building law) statute. Yet as will be seen from Section 3.2.5 (ii) (d), municipalities do not provide all infrastructure. It comes from a mix of public and private sector sources. Conversely, in the Netherlands virtually all infrastructure provision is provided by municipalities, yet they are under no legal duty to provide it (B.M.Bau, 1993:138). In the United Kingdom, responsibility falls neither on public nor private sector, for the provision of infrastructure.

3.2.5. (ii) (d) Who provides infrastructure?

Who provides infrastructure? Figures 15, 16 and 17 show the sources of infrastructure provision in the United Kingdom, the Netherlands and Germany respectively. The information is taken from the German government report (B.M.Bau, 1993), and relates to the period of the late 1980s.

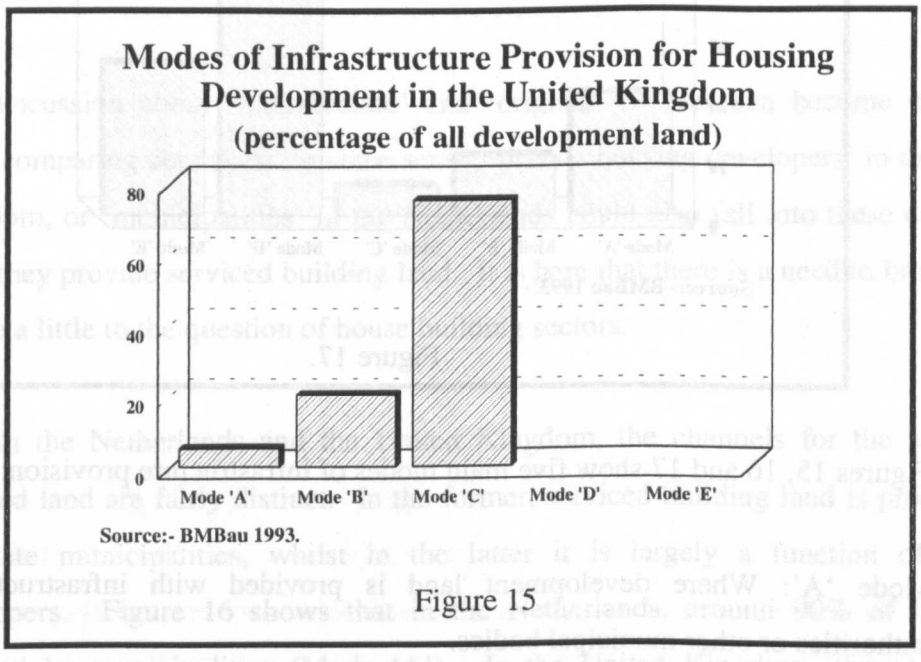


Figure 15

Infrastructure in the Netherlands is provided in the following way:

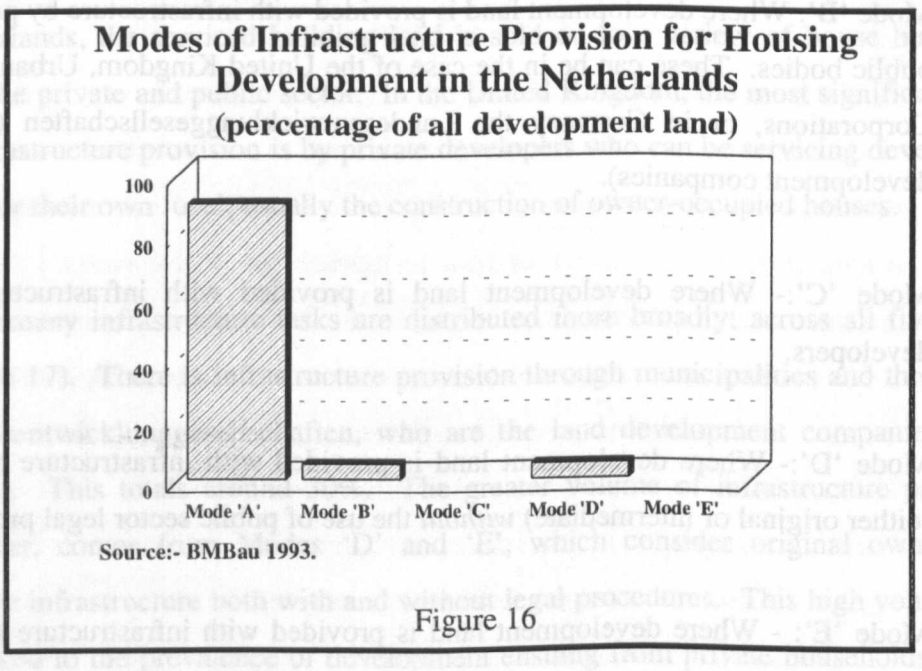


Figure 16

Infrastructure in the Germany is provided in the following way:

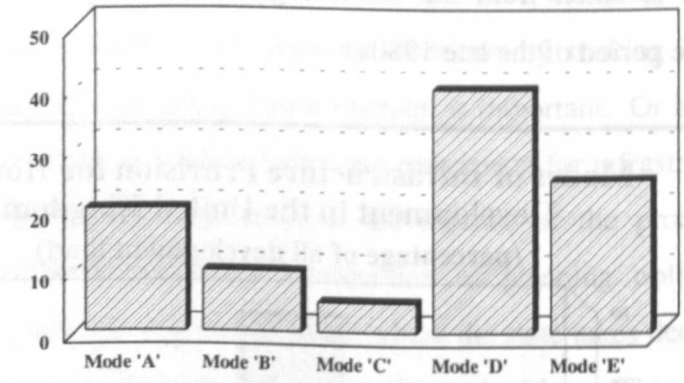


Figure 17.

Figures 15, 16 and 17 show five main modes of infrastructure provision:

Mode 'A': Where development land is provided with infrastructure by local authorities or other municipal bodies.

Mode 'B': Where development land is provided with infrastructure by public or quasi-public bodies. These can be in the case of the United Kingdom, Urban Development Corporations, or in Germany the Landesentwicklunggesellschaften (regional land development companies).

Mode 'C':- Where development land is provided with infrastructure by private developers.

Mode 'D':- Where development land is provided with infrastructure by landowners (either original or intermediate) *without* the use of public sector legal procedures.

Mode 'E': - Where development land is provided with infrastructure by landowners (either original or intermediate) *with* the use of public sector legal procedures.

It is evident from a glance at the three figures, that there are problems in comparing the various modes of providing infrastructure. Most evident is that 60% of development land in Germany is serviced under procedures which in the other two countries have little or no direct equivalent: modes 'D' and 'E', which involve servicing land which remains with 'original' or 'intermediate' owners are the examples.

The discussion about 'intermediate' and 'original' owners can become confusing when comparing countries. In some sense, 'private housing developers' in the United Kingdom, or 'municipalities' in the Netherlands could also fall into these categories since they provide serviced building land. It is here that there is a need to broaden the debate a little to the question of house building sectors.

In both the Netherlands and the United Kingdom, the channels for the supply of serviced land are fairly distinct. In the former, serviced building land is provided by the state municipalities, whilst in the latter it is largely a function of private developers. Figure 16 shows that in the Netherlands, around 90% of land was serviced by municipalities (Mode 'A'). In the United Kingdom, almost 80% of development land was serviced by 'private developers' (Mode 'C'). In the Netherlands, the serviced building land is sold on to a variety of house builders in both the private and public sector. In the United Kingdom, the most significant mode of infrastructure provision is by private developers who can be servicing development land for their own 'use', usually the construction of owner-occupied houses.

In Germany infrastructure tasks are distributed more broadly; across all five modes (Figure 17). There is infrastructure provision through municipalities and through the Landesentwicklunggesellschaften, who are the land development companies of the Länder. This totals around 30%. The greater volume of infrastructure provision, however, comes from Modes 'D' and 'E', which consider original owners who provide infrastructure both with and without legal procedures. This high volume may be linked to the prevalence of development ensuing from private households (Figure

9), although there is no direct connection made in the German report between this form of production and the modes of infrastructure.

3.2.5. (ii) (e) Infrastructure costs and modes of payment.

Generally speaking, the costs of infrastructure are borne by the purchasers of serviced building land. In the Netherlands, the purchasers will be Market builders, housing associations or other house builders. In Germany and the United Kingdom, there may no change of ownership, a consequence of different development processes. In these two countries it may be that the housing supplier has himself provided infrastructure. This is likely in the United Kingdom (Figure 15), whilst it is also possible in Germany (Figure 17). Whichever the development mode, however, the costs will be borne by this purchaser (B.M.Bau, 1993:154).

The extent of costs borne by this 'investor' are 100% in both the United Kingdom and the Netherlands (B.M.Bau, 1993:154). In Germany the municipality will contribute a minimum of 10% of total infrastructure costs (B.M.Bau, 1993:154) and the investor a maximum of 90%, although the trend is now towards shifting an even greater percentage of costs on to the private sector (Dieterich, 1994).

Infrastructure costs, whilst being a necessary part of the development process, are nevertheless discounted in different ways in different countries. In the Netherlands, housing suppliers are seen to take a back seat as far as infrastructure provision is concerned. Infrastructure is provided in a very positive, pro-active manner by municipalities, and the price of land to market and social sector reflects decisions about the standard of infrastructure provision. In Germany, because land is normally in private hands, the way in which infrastructure costs are determined is less obvious or overt. Infrastructure may be provided with greater consideration towards private interests. However, municipal responsibility, supported by statutory instruments enabling 'Umlegung', is an important mechanism of leverage. In the United Kingdom, infrastructure costs are seen to be very much what private developers deem to be necessary. Minimal standards of provision, planning and building regulations

clearly play a role. However, additional 'infrastructure', particularly 'social' infrastructure such as schools or 'community' facilities will be a function of negotiation and planning 'gain'.

3.2.5.(iii). Synthesis of infrastructure issues.

Table 5: Infrastructure provision.

	Responsibility for infrastructure (Sect 3.2.5.(ii) (a)	**Main source(s) of infrastructure provision.** (Sect 3.2.5. (ii) (d)	**Costs of infrastructure** (Sect 3.2.5. (ii) (e)	**Factors influencing infrastructure.** (Sect 3.2.5 (ii) (all)
United Kingdom	• No state legal responsibility	• Private housing developers (80% of all development land) • 'Mode C'.	• 100% paid by housing supplier.	• Private sector decision making + building/planning codes. • Also via planning 'gain'.
Netherlands	• No state legal responsibility	• Municipalities (100% of all development land). • 'Mode A'.	• 100% paid by housing supplier.	• Municipal decisions. • Some central gov't subsidies, where social house building.
Germany	• Legal responsibility for municipalities under § 123-135 BauG	• Original or intermediate owners (can be 'housing developers'). • 'Modes D and E'.	• Minimum of 10% of costs paid by muncipality. • Remainder paid by housing supplier.	• Private sector role. • 'Umlegung' and other state statutory instruments

3.2.6. Facet 6:- The building process.

3.2.6.(i) An ambit of discussion on the building process.

The 'building process' might be expected to be the final main stage in a development process. The construction of a dwelling is expected to follow from the supply of land and the provision of infrastructure. The 'building process' is hence important as a facet of housing supply.

The term 'building process', however, needs to be used carefully in the comparative context. It should be clearly distinguished from the phrase 'development process', which in Section 3.2.6. (ii) (a) is argued to be broader. The focus of research in different countries tends to lead to an emphasis on different issues. In the United Kingdom, this is, for example, on the 'private sector housing development process' (Carter et al, 1986). In the Netherlands, it is the 'building process' which is often scrutinized in more detail (Priemus, 1984). The leaning to a particular focus is often driven by the desire to find answers to problems or complications. This should, however, not impede the objective of analysis which is to highlight the activities and involvement of agencies in different countries. Inevitably doing this means that the discussion of the building process is linked to the broader discussion of the development process. This is an issue considered in Section 3.2.6. (ii) (a).

The 'building process' raises not only definitional questions, but also questions of procedure; 'how' is house building carried out? In particular how 'speculative' is the operation? Speculative activity in the land market is one issue. The extent to which the building process is 'speculative' is another. A key relationship in this respect is that between 'client' ('Opdrachtgever' in Dutch, and 'Bauherr' in German) and source of construction. This is discussed in Section 3.2.6. (ii) (b).

Apart from this particular section (3.2.6), the relationship between client and source of construction is not discussed in any detail. Sector production is considered as a basis for looking at outcomes and for discussing the system of housing supply. 'Sectors', for example, the 'private sector', 'social sector', 'housing associations', 'market builders', 'Unternehmen' and so on, are considered 'suppliers' of housing (Section 1.6), and may be considered as if they are physically carrying out the task. This is a way of limiting the research field. In practice, however, there are a whole number of additional complexities which exist beyond this and can only be dealt with briefly.

This is because the housing 'supplier', in practice, *may also be,* or *may not be,* the *source of construction.* The decision to build comes from a 'client' (Opdrachtgever or Bauherr). Yet this 'client' may either have to rely upon a source of construction not

owned or controlled by him or herself. Alternatively, the 'order' or 'instruction' from the client 'to build', can be carried out by the same person or organization; a sort of 'self-supply'.

The relationship between 'client' and 'source of production' will differ between countries and between sectors in the same country. In Section 3.2.6. (ii) (b) some of the main relationships in each country are considered. These are seen to be significant to the discussion in Chapter 4 where agency models are discussed.

3.2.6.(ii) Nature of the building process.

3.2.6. (ii) (a) A 'building' or 'development' process?

Which term is more appropriate to a particular sector of housing supply in the comparative context?: 'building', or 'development' process? The answer to this question depends essentially on two things. First, what is meant by the terms 'building' and 'development' process, and second, what housing suppliers actually *do*.

One way of making the conceptual distinction might be to suggest that whilst it is possible to describe the process of the construction of a dwelling as 'development', it is less apposite to describe the cumulative process of acquisition of land, provision of infrastructure and the construction of a dwelling as 'building'. If this reflects in any way common understanding of the terminology, then the debate can be expanded, given what is known about housing production in the three countries. This begins with the United Kingdom.

Housing production in the United Kingdom comes from three main housing suppliers: the private sector, housing associations and local authorities (Figure 7, Section 3.2.1. (ii) (a)). This is generally the case for the period under discussion, namely 1970-1993. This means that there are three main production channels and three potential 'development processes'.

Making the most significant contribution to the total volume of housing production is the 'private sector'. This sector have produced around 80% (DoE Housing and Construction Statistics), of all new dwellings since the mid 1980s (Figure 7). The sector is regarded as 'speculative' one (Barlow and Duncan, 1994:36). It is however very difficult to separate 'speculative' builders from others since there is no specific data on this form of output at an aggregate national construction level (Ball, 1983:45). Barlow and Duncan (1994:42) have calculated that 'speculative' production accounts for around 70% of all production in the 1980s. This implies that much of production by the private sector is speculative. To determine, however, whether a house builder is 'speculative' or otherwise, requires some careful definition. Ball (1983:50) has suggested that this category is concerned with 'development profit', which is achieved by the 'judicious purchase of land and conceiving of the appropriate residential scheme' (Ibid).

The main point, however, is that the private sector in the United Kingdom is involved in *both* the land market and in the construction of dwellings. This is to do with a 'distinct type of capital accumulation' (Ibid:51). There is a concern with profit taking from both land and house building, a point picked up by Barlow and Duncan (1994:89):

> 'Despite appearances, housebuilding is only partially the business of putting up houses. The houses are the socially acceptable side of making profits out of land appreciation'.
>
> (Cited from: Investors Chronicle 8/1/74).

Private sector production in the United Kingdom is dominated by large firms. Figure 18 shows production by this 'group'. For the years 1985 - 1988 approximately 25% of total production derived from up to 13 firms only (Gillen, 1994). Some of these were Barrett, Beazer, Bovis, Bryant, Costain, Ideal, Laing, Lovell, McCarthy and Stone, Tarmac, Westbury, Wilcon and Wimpey (Ibid). These companies, along with

smaller firms in the private sector are producing housing mainly for owner-occupation.

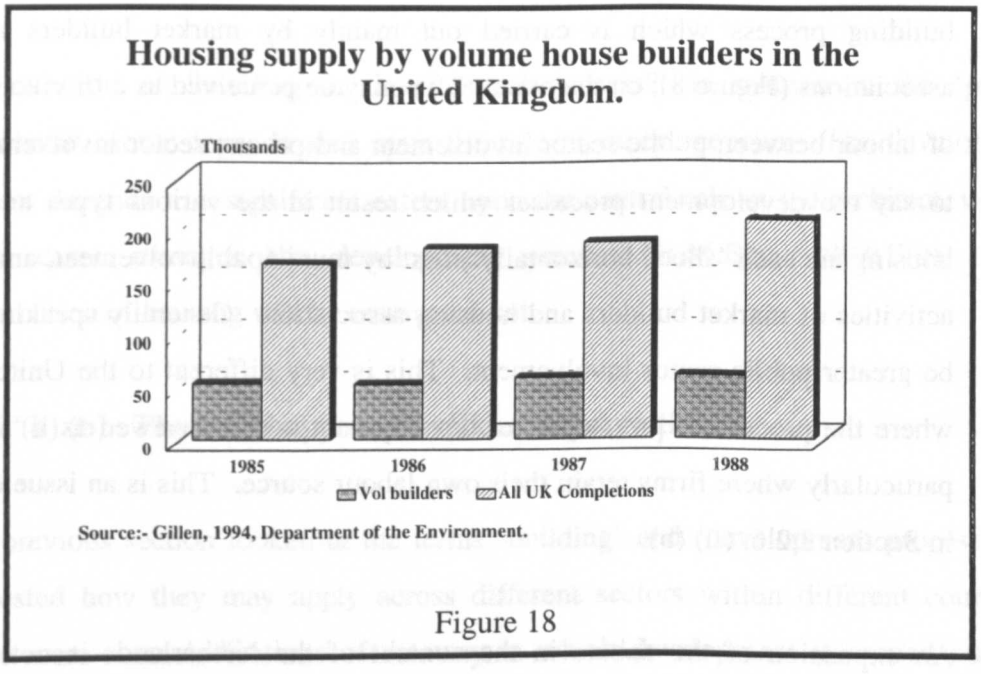


Figure 18

The key point to note about the private sector is that it is involved in *both* the land market and the construction process. Many stages are carried out by the same agency. It is vertical process which involves the minimum of public sector involvement. Physical planning and development control procedures provide perhaps the main government influence.

The division of labour between public and private sector in the other two sectors, namely 'housing association' and 'local authority' production, is less well researched. Comments must thus be brief. Housing associations in the United Kingdom, now the main supplier of social housing, may rely upon a mix of sources for land supply; from both local authority land banks as well as private sector sources. They may rely to a large degree upon contractors for house building. Local authority housing construction has diminished significantly during the last fifteen years (Figure 7). The source of land supply may result from authorities own land banks, although this will of course vary between locations.

When considering the question of 'building' and 'development process' in the Netherlands, a quite distinct division can be drawn. This is between municipal involvement in land supply and infrastructure provision on the one hand, and the building process which is carried out mainly by market builders and housing associations (Figure 8), on the other. This may be perceived as a 'horizontal' division of labour between public sector involvement and private sector involvement. That is to say the development processes which result in the various types and tenures of housing are each 'sliced horizontally', first by municipal involvement, and then by the activities of market builders and housing association. Generally speaking, there will be greater public sector involvement. This is very different to the United Kingdom, where the process of private sector development may be viewed as a 'vertical' one, particularly where firms retain their own labour source. This is an issue expanded on in Section 3.2.6. (ii) (b).

An expansion of the debate in the context of the Netherlands is not useful here. Whereas in the United Kingdom, it is important to make the link which exists between land supply and the building process, particularly for the private development industry and 'volume' builders, in the Netherlands the debate is more usefully expanded by looking at the building process. This is done in the following section (3.2.6. (ii) (b)). It is now necessary to consider think about the applicability of the terms 'building' and 'development' process in Germany.

When the debate is expanded to 'Germany', however, the issues become more complex. The ability to be able to perceive the 'development process' as being either 'horizontally sliced' between public and private sector or 'vertically staged' by the same (private) actor, is arguably more difficult. If, for example, the production sector, 'private households' (Figure 9) is considered, it may be argued that this provides its' own complete 'development process': 'land supply', 'infrastructure' and 'house building process'. This may be case, where a plot of land is purchased, infrastructure is organized and the household itself physically carries out the building work. However, as was shown in Section 3.2.5., the need for municipal involvement in infrastructure provision is substantial. This 'involvement' was suggested to be linked

to difficulties in getting owners of private land plots to work together in order to provide services and roads. The procedure 'Umlegung' is one way of getting over this sort of problem.

The question of 'building or development process?' in relation to the 'private household' sector depends also upon the role of other agencies. The development process depends to a significant extent upon the central role of the architect, who in many cases manages the development process (B.M.Bau, 1993:170). The construction of housing will be contracted out.

3.2.6. (ii) (b) The building process, risk and speculation.

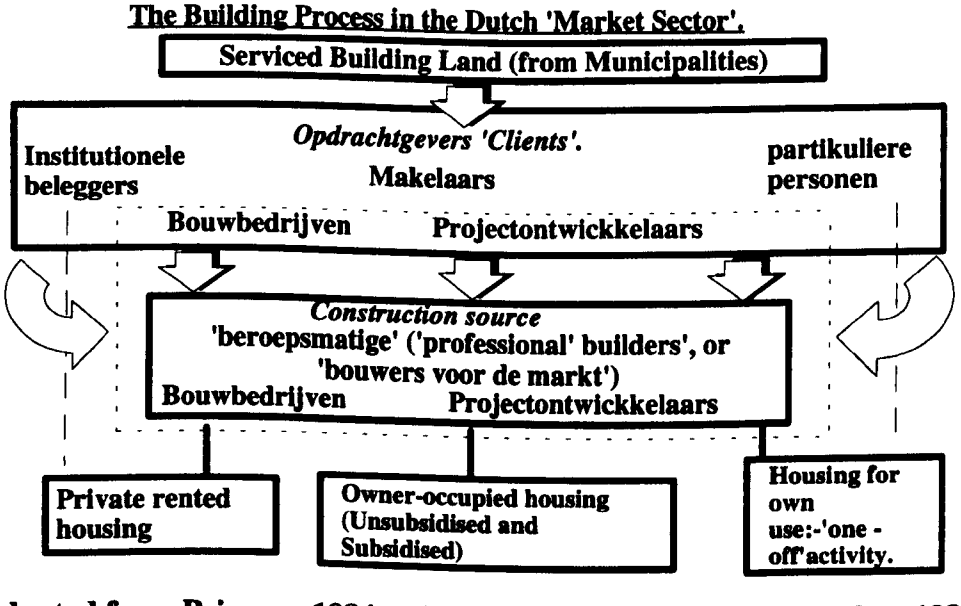
The previous section looked at the terms 'building' and 'development process' and suggested how they may apply across different sectors within different countries. There were some indications of the way in which development is carried out. A consequence of developers involvement in land markets is that firms, households or individuals may speculate in land for financial gain. This possibility does not exist, or only exists to a limited extent for housing suppliers in the Netherlands. The extent to which the building process, that is to say, the construction of a dwelling, is 'speculative', is another issue. As was suggested in Section 3.2.6. (i), this hinges upon the relationship between the 'client' and the 'source of construction'.

The 'client' in a comparative context is the 'supplier' of housing. The volume of production emanating from 'clients' (opdrachtgevers or Bauherren), is that recorded as 'production by sector' in national housing production statistics. As was stated in Section 3.2.6. (i), the 'client' or 'orderer' of production is not always the same entity as that which physically builds the dwelling. The debate can be extremely complex here, since it brings in issues of contracting and sub-contracting. However the main relationships should be discussed, sticking to the major differences.

In the United Kingdom, housing is 'speculatively' built by 'private sector house builders' (Barlow and Duncan, 1994:36). The extent to which this is a 'speculative'

operation will depend mainly upon two factors: the size of the house building firm, and market conditions; for example, building housing when housing demand is weak, with a large labour force retained by a company, may be seen to be 'highly risky' or 'speculative'. Building in a strong housing market, under the same conditions may be less 'risky' or less 'speculative'. Either way, the cyclical nature of the housing market may lead to a notion that the private sector operate in a 'speculative manner'. The degree of speculation tends to be compounded by the question of land. The involvement of the volume builders in the land market may compound the speculative nature of housing supply.

In other sectors in the United Kingdom, and perhaps housing associations are the most relevant today, the relationship between 'client', and source of construction is normally a separate one; a 'contract' arrangement. If there is risk or speculation in the building or development process then it may be measured in terms of the sum of money not guaranteed by government Housing Association Grant, or the risk that rents will not cover the operating costs.



(Adapted from Priemus, 1984 and Boelhouwer and van der Heijden, 1989)

Figure 19.

A starting point for understanding the building process in the Netherlands is the 'opdrachtgever'. The 'opdrachtgever' is the 'client', or 'giver of commissions'

(Renier, 1992:215). In the 'market sector' (Figure 8), there are five main 'opdrachtgever' (Priemus, 1984:55). The 'beleggers', the 'makelaars', the 'particulaire personen', the 'bouwbedrijven' and the 'projectontwickkelaars'. Figure 19 provides an interpretation of the building process in the market sector.

Production for 'beleggers', 'makelaars' and 'particulaire personen' is production for specific clients. In this sense it is not a speculative exercise for house builders themselves. The risk is taken by institutional investors ('beleggers') who require production for private rent, by real estate agents ('makelaars'), who require production for a variety of sources, both rented and ownership housing, and by private individuals ('particulaire personen') who require production for their own use. The beleggers produce for a very specific end use, private rented housing (Figure 19), which can be both subsidised or unsubsidized (Boelhouwer & Van der Heijden, 1989:30). Private individuals 'particulaire personen' requiring production comprise a significant amount of the market sector. This type of production will be a 'one-off' (Boelhouwer & Van der Heijden, 1989:31) and will be produced by market builders who rely on this particular small scale commission. The housing for these three 'client types' is produced by the 'market builders'; the 'bouwers voor de markt'. Whilst they provide a 'professional' ('beroepmatige') service in that they fulfil contracts as a source of construction, they also function as a 'client' for production and therefore come therefore under the heading 'opdrachtgever'. The dotted line in Figure 19, represents the dual function:

> 'De opdrachtgever is dus niet alleen een *vrager* van bouwkapaciteit, maar ook een mogelijke *aanbieder* van enige procesbenodigdheden. Als de opdrachtgever een aktiver rol speelt, doorbreekt hij de eenzijdige vraag - aanbodverhoudingen die markten in andere produktesektoren kennmerken.
>
> (Priemus, 1984:55).
>
> 'the client is not simply a *demander* of building capacity, but also has the potential to fulfil certain needs within the process. When the opdrachtgever plays an active role, he breaks away from the one sided demand - supply equation which characterise other production sectors'.

What this implies is that the 'market sector' as a whole operates in what might be termed a 'partially speculative' manner. Much of the time it 'demands capacity' from 'opdrachtgevers', but it can also 'create work for itself', so to speak, by anticipating trends in the housing market.

Market builders have a particular function in the Dutch building process:

> 'De bouwers voor de markt onderscheiden zich van der overigen opdrachtgevers doordat zij zich specifiek richten op een (gepeilde) behoefte in de markt, terwijl andere opdrachtgevers uitgaan van de eigen behoefte aan bouwproducten'.
>
> 'the market builders differentiate themselves from other clients, in that they specifically direct themselves towards a (calculated) need in the market, while other clients look to their own user interests in housing production'.
>
> (Boelhouwer and Van der Heijden, 1989:29)

These 'other clients' are housing associations and municipalities. They provide a demand or need for production capacity for social rented housing. This 'need' is met to a significant extent by building companies which are associated with municipalities (B.M.Bau, 1993:174); 'gemeindeeigene Wohnungsbaugesellschaften', who may be considered the 'source of construction'. In 1988, there were 250 of these companies (B.M.Bau, 1993:174).

It is clear that the building process of market builders is affected by a number of factors. The sector needs to be carefully analysed since market builders can operate in both a speculative manner, as well as building on a bespoke basis.

The extent to which the building process is 'speculative', was argued to depend upon the relationship between the 'client' and the 'source of construction' (Section 3.2.6 (i)). In Germany, a translation of 'client' is 'Auftraggeber'. However the term 'Bauherr' is suggested to be more apposite in the comparative context. This is because types of 'Bauherren' define the way in which German housing production is categorized. A 'Bauherr' is defined:

'diejenige Person, die ein Bauvorhaben im *eigenen Namen (für eigene oder fremde Rechnung)* wirtschaftlich und technisch vorbereitet und durchführt, oder vorbereiteten und durchführen läßt'

(Frank, 1978:27).

'Any person, who technically prepares and realises *in his own name (for himself or for a third party)*, a building project, or prepares and allows (the project) to be realised (on his behalf')

The definition of the Bauherr is significant to understanding the building and development process of private households in particular. It is made explicit in the definition, that two possibilities exist from a single decision: either the 'Bauherr' realises the building him or herself, or leaves it to be contracted out. 'Realises', is taken to mean 'physically' carries out, whilst 'contracting out' implies what might be understood as a 'design and build' process. The market for new owner-occupied housing is further supplied by contractors involved in the 'building and sale' of dwellings (B.M.Bau 1993, 170):

'In der Bebauungsphase sind vorrangig zwei wege üblich; die individuelle Bebauung durch den späteren Nutzer oder Bau und Verkauf der Immobilie durch Bauträger unterschiedlicher Größe'

(B.M.Bau, 1993:170)

('In the building phase there are two common routes (for the supply of owner-occupied dwellings); the construction by the individual party who will eventually be the occupier, or a 'build and sale' route through building contractors')

The degree to which the building process is 'speculative' will depend upon the three possible routes. In two of the routes; 'own construction' and 'design and build', it will essentially be a question of who ties up capital in the building process; the household or the building contractor Under the third route, the 'Build and Sale' (B.M.Bau, 1993:170), there may be a greater element of speculation in terms of the funding of land costs, or need to find a purchaser for the dwelling.

The term 'Bauherr' relates also to other sectors; the Gemeinnützige Unternehmen, whose interest as a housing supplier is directed towards social needs (Ulbrich,

1991:278), the Freie Unternehmen and other Unternehmen. These 'Bauherren' provide a demand for housing of various tenures. These are mainly across the rented sector; either 'private' or 'social' rented.

It is very difficult to analyse the extent to which these are 'speculative' processes. Information on the relationship between these Bauherren and sources of construction was not identified in this research. Furthermore, the Freie Unternehmen produce both housing for rent and for sale (Jenkis, 1993:286). This may involve a long term investment commitment or a short term financial gain. A final difficulty may be presented by the diverse nature of the German construction industry, which is stated to be an industry of 'small enterprises' (Boelhouwer and Van der Heijden, 1992:118).

3.2.6. (iii) The building process: a synthesis.

Table 6

	'Building' or 'development' process. (Section 3.2.6.(ii) (a))	**'Client', 'source of construction' and 'speculation'.** (Section 3.2.6.(ii) (b))
United Kingdom	• Private sector housing development process; 'volume builders active in land and house building.	• 'Client' and source of construction'; same in case of 'volume' house builders: c 40% of all production (Gillen, 1994). • Private sector may be viewed as a mainly speculative sector.
Netherlands	• 'Building process' for all housing suppliers or 'opdrachtgevers': market builders and housing associations. • Land supply through municipalities to all these sectors.	• 'Market builders' function as a source of construction. • But also as 'client', or 'Opdrachtgever, where they act speculatively. • May be viewed as a partially speculative sector.
Germany	• Complex public-private sector development process. • Private households and municipalities shared responsibility. • Applies also to other sectors and for infrastructure provision.	• 'Clients' are 'Bauherren'. • Private households are main Bauherren. • Speculation is reduced via 'self-promotion', or 'design and build' processes. • Applies to both Bauherr & source of const'n (if differs).

This facet of supply, namely the building process, is the final facet to be considered in the system. The information provided in Chapter 3 is considered again in Chapter 4, where the focus is on the way in which systems are structured. Initially, this is a summary of the systems according to the way in which the state intervenes in the system of supply (Section 4.2), but in the following sections of Chapter 4, structure is considered in a number of models which can be contrasted with the state-market paradigm.

Chapter 4: Structure and Systems of Housing Supply.

4.1. Introduction.

Chapter 4 provides an important link between Chapter 3, which introduced the systems of supply in the three countries, and Chapter 5 which examines housing production outcomes. The analysis in Chapter 4 addresses a main theme of the hypothesis, namely the way in which systems are 'structured'. The chapter begins however, by reviewing and summarizing the discussion in Chapter 3, which looked at the nature of the system of housing supply. This provides a conclusion on the theme of state intervention and the extent thereof in each of the three countries. This is undertaken in Section 4.2.

In Section 4.3. a number of issues are addressed. These relate to structure in the context of this research thesis and wider research. An attempt is made in Section 4.3. to distinguish the approach to structure adopted here, from Marxist approaches. An attempt is also made to clarify what is meant by 'structure' and to relate this to the concept of a 'system'. Section 4.3 considers also the way in which commentators on built environment issues, have approached structure paradigms.

Sections 4.4 to 4.7 discuss, within their sub-sections, models or paradigms of structure which are applied in the context of land and property studies. These are the 'event-sequence', 'agency', 'structuration', 'equilibrium' and 'structures of housing provision (SHP)'. In Chapter 6, the structure models are re-visited and analysed in the context of the findings of the statistical investigation in Chapter 5.

4.2. The nature of systems of housing supply.

Chapter 3 examined six important facets of housing supply. Together, the facets make up what is termed in this research as the 'system of housing supply'. It was explained in Section 2.6 that the focus on the 'nature' of systems is a focus on state intervention in housing supply. This provides not only for important distinctions which can further

discussion amongst policy makers, but also provides a readily recognizable theoretical framework. Set against the 'state' is usually the 'market'. The 'state-market' theme is the focus of conclusions of Barlow and Duncan (1994), and the German report (B.M.Bau, 1993). Barlow and Duncan suggest a 'state-market' mix to be a suitable paradigm, whilst the conclusions of the German report question the significance of extreme state and market stances in determining housing outcomes. This is in favour of a focus on the structuring and functioning of the system.

It is the task of this section (4.2) to summarize the nature of systems of systems of housing supply, by reference to state intervention. This section summarizes the facets of supply within a state-market framework. It provides a basis for addressing the first part of the hypothesis, which depends on looking at both the nature of the systems of supply, and their outcomes (Figure 2).

The first main difference is argued to lie in the nature of housing production policy pursued (Section 3.2). It is argued that the housing policies of both the Netherlands and Germany may be regarded as more interventionist than that in the United Kingdom. Demographic pressures and historical developments (Section 3.2.1. (ii) (a)) have demanded that central governments keep housing production very much to the forefront of policy debate. These external pressures are not seen to be so great in the case of the United Kingdom, particularly since the mid 1970s. The use of 'conditional object' subsidies (Oxley, 1987:166) by Dutch and German governments to promote housing production provide an example of a perhaps more sensitive and paternalistic approach to housing production. The concern of the state with the relationship between housing need and income levels is one which provides an interesting contrast with the United Kingdom, where central governments have tended to delegate decision making of this nature to local authorities and housing associations. Conditional object subsidies for housing suppliers are not evidenced in the United Kingdom. If this relationship *is* recognized by governments in the United Kingdom, then it is indirect one, through bids made by housing associations, rather than one based upon decisions made at central government level to alleviate problems of housing affordability.

Housing production policy may also be regarded as more interventionist in the Netherlands and Germany than in the United Kingdom in the sense it has attempted to promote, through the subsidy system, a much broader spectrum of housing tenure (3.2.1.(ii) (b)). The best example of this is the German Förderungswege, which provides a broad spectrum of suppliers with a possibility to produce many differing forms of rented and ownership housing. In the United Kingdom governments since the Second World War have made little attempt to promote the private rented sector in particular, leaving housing production to the private sector development industry and social rented housing suppliers. Generally, the system of subsidizing housing in the United Kingdom is seen to be less complex, when compared with the other two countries.

Figure 20 provides an evaluation of intervention in housing supply by the state. It provides a 'state-market' continuum, which is broadly equated with a 'public-private' continuum', although it is recognized that this is a very general framework only. The first facet, production policy, is shown at the base of the diagram, where the United Kingdom is positioned to the right hand side, and production policy in the Netherlands and Germany to the left hand side.

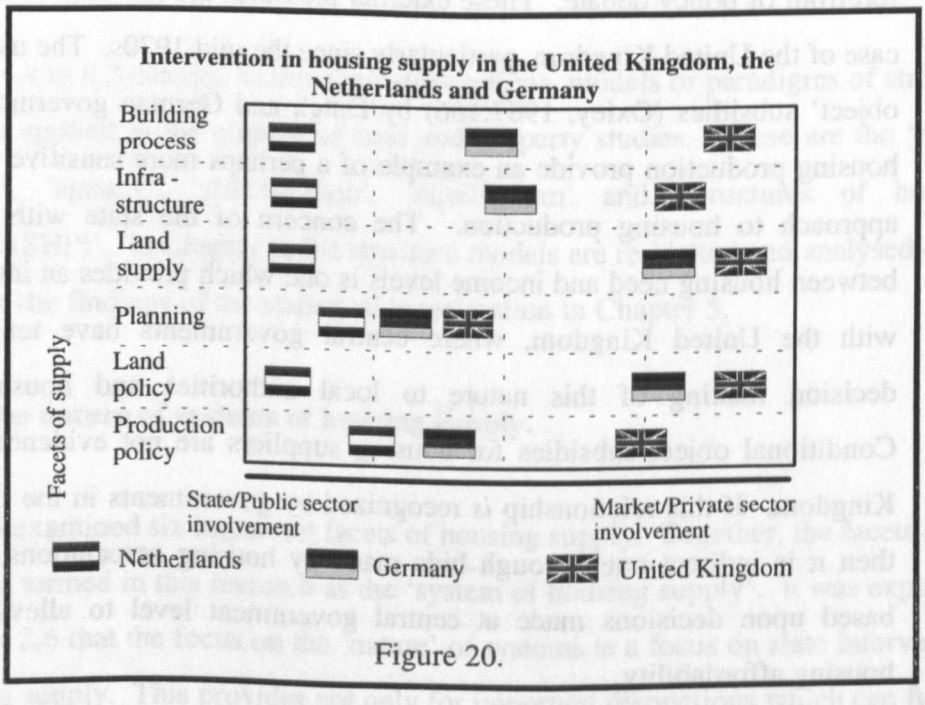


Figure 20.

The nature of land policy is argued to be more similar in the United Kingdom and Germany. The policy towards land in the Netherlands is seen to be significantly different (Section 3.2.2). The clearest difference lies in the ownership of development land. In the Dutch case land for housing development results from municipal ownership, whereas in both the United Kingdom and Germany, land brought forward for development is normally the result of private ownership (Figure 12). This may be original owners or development companies. The Dutch example of land policy is also differentiated from the other two countries by the issue of land 'pricing'. Government has conventionally played an important role in fixing land prices in the social sector. This has implications for land prices in other sectors. The pricing of land is a quite complex operation which results from both central government and municipal activity. This sort of state regulation of land markets is mirrored only elsewhere in the example of the Städtebauliches Entwicklungsmaßnahmen in Germany, which have been undertaken in very specific cases relating to the redevelopment of city centres. Otherwise land policy in Germany is unaffected by such pricing policies, as is the case in the United Kingdom. Figure 20 positions land policy between 'state and 'market' where the three countries can be compared and contrasted.

Planning was the third facet of the system of supply considered in Chapter 3. Discussing the extent to which this is a 'state', or 'public' sector operation is perhaps a more difficult task than for other facets of supply. Not least because planning provides few quantitative measures, against which such a decision can be established. A way ahead (Section 3.2.3. (i)) suggested taking planning in its broader context and looking at the links between physical planning and social and economic planning. In this context, the Netherlands was argued to have a more comprehensive planning policy, linked between spatial ordering and housing objectives, than the United Kingdom, where land use, or physical planning was distanced from other facets of supply.

Differences in the role that development plans play were also an issue discussed in Section 3.2.3. (ii) (b); where in the United Kingdom they were, prior to the 1991 Act one of many 'material considerations'. In the Netherlands and Germany the

bestemmingsplan and Bebauungsplan enjoy a place of primacy. This is in keeping with the broad distinction between continental European planning systems and that in the United Kingdom (D.o.E 1989). These differences, which are essentially the difference between a system of 'planning control' and a system of 'development control' do not however reflect wholly upon the extent to which the state is intervening. Better perhaps is to look at less mainstream issues; for example, at the way in which planning conditions and planning gain are dealt with. Here there are clearer differences. In the United Kingdom, on the one hand, planning gain is negotiated between planners and developers in the form of 'agreements' and more latterly 'obligations'. This is done in an overt and negotiated way. In the Netherlands on the other hand, planning 'gain' does not appear in the process, since development is of a more comprehensive nature, where the municipal role arguably reduces opportunity for private sector involvement. In Germany, planning gain is less easily discussed. It is bound up in the intricacies of the individual models of infrastructure provision (Section 3.2.5). Planning in the Netherlands goes the furthest in terms of making provision for social housing. In this sense it is the system in which the state intervenes more. In neither of the other two countries, does physical planning allow for this to any great extent.

Within the state-market focus depicted in Figure 20, there is, in practice perhaps, less distinction where planning is discussed. Planning in the United Kingdom remains a relatively less privatized issue than might have been anticipated following the 1980s. Indeed there appears to be a swing towards a stronger role for planning in the 1990s as a consequence of the Planning and Compensation Act 1991.

Similarities in the way in which land is supplied, reflects, perhaps not surprisingly, the policy adopted by the state on land. As a fourth facet of the system of housing supply, there is greater similarity in the systems of land supply in the United Kingdom and Germany. The system of land supply in the Netherlands is distinguished from the other two countries by the active role of the state at the local level. This is quantified in research, where traditionally around 75% of all land for housing development is supplied by the state. In the United Kingdom, this is not the case where generally

private housing is built on land which is either supplied by the agency building the housing, or where land is purchased by the house builder directly from the farmer or other original owner. In Germany this model occurs in practice, specifically where private households purchase land for housing construction or where other Unternehmen wish to build ownership or rented housing. Land supplied by German municipalities for development is only around 10% of total land supply (Scholland, 1987). These observations allow for a depiction of land supply as a facet of the process, as shown in Figure 20.

The second main stage in the process of housing development was seen to be the provision of infrastructure. Section 3.2.5 provided the details of this facet of housing supply. How far is this the responsibility of public and private sectors or state and market in the three countries?

Research conducted by the German government into the land market in the 1980s (BMBau 1993) provides a very detailed and quite different picture in the three countries. At the extremities of the 'public-private' sector continuum come the United Kingdom and the Netherlands. In the Netherlands over 90% of development land has infrastructure provided by municipalities. In the United Kingdom, private developers are largely responsible for providing infrastructure: around 75% of all development land is serviced by this sector. In Germany the division between 'private' and 'public' sector is arguably less distinct than in the other two countries. Figure 17 (Section 3.2.5.) shows the modes or norms to be more complex. The only purely private sector modes are 'C' and 'D', which do not rely upon municipal involvement. These schemes amount to around 45% of all development land. Infrastructure schemes carried out entirely by municipalities (Mode 'A') on the other hand amount to around 20%. This leaves a rather grey area in the middle (Modes 'B' and 'E'), which makes up the remaining 35%. Positioning this facet of supply between the two extremes of the continuum in Figure 20 is perhaps most appropriately done somewhere between.

Discussing the nature of housing supply in the context of the role of public and private sector or state and market, considers the issue of 'the building process' (Section 3.2.6). Here a question posed related to whether 'building' or 'development' process was a more appropriate term?. In the Dutch case, the argument is that the operation of house building is strongly reliant upon the state. The control of land supply by municipalities is one factor which puts house builders in a very different situation to house builders in the other two countries. Control of land supply in the Netherlands is linked with planning and infrastructure control and design. Those who supply housing are, in the comparative context, involved in a 'building' rather than 'development' process. In the United Kingdom, the term 'development process' is more applicable, particularly for the private sector, where the mode of housing production relies to a significant extent on volume house builders who are active in both land and housing markets. In Germany it is more difficult to marshal the discussion tidily between 'state' and 'market' or 'public' and 'private', a consequence of the complex procedures for infrastructure, as well as the diversity of modes of development that occur.

Positioning the 'building process' on the state-market continuum is perhaps more difficult than any other. State influence on the building process comes primarily through the preceding operations of land supply and infrastructure provision. There is therefore a case to position the building process in the Netherlands to the left of the scale (Figure 20), whilst the United Kingdom and Germany are placed to the right and middle respectively.

4.2.1. A summary of the nature of the systems of housing supply.

Whilst it is possible to quantify certain facets of the system of housing supply, most notably 'land supply' and 'infrastructure provision', in terms of 'state' and 'market', or 'public' and 'private' sector, this is not so easy when attempting to deal with 'policy' facets. The latter can only be a normative judgement, based upon some selected criteria. If these, however, combined with the other facets, *do* reflect the nature of system fairly and accurately, then some general conclusions are as follows.

The clustering of facets relating to both the nature of policy and process of housing development are positioned at diverse poles in the case of the United Kingdom and the Netherlands (Figure 20). In the United Kingdom there is seen to be heavy reliance upon the private sector and the market. In the Netherlands, housing development is heavily steered by central government in combination with municipal activity in the development process. Germany provides the middle ground. In some facets of supply, it is similar to the United Kingdom: particularly land policy and land supply, where this is driven primarily from the private side. Yet in others, notably housing policy, Germany has more in common with the Netherlands, where supply side conditional subsidies play an important role to play. Germany is generally less easy to label in the comparative context, falling broadly and centrally between the other two countries.

4.3. Systems of housing supply and structure.

The term 'structure' is a potentially confusing one. Hence, whilst an introduction is provided for each of the four interpretations of structure in this chapter, some additional commentary is felt necessary at this point.

Perhaps the largest potential confusion lies in the way in which the term 'structure' may be linked on the one hand with Marxist theory, whilst on the other, it may be conceptualised as a simple representation of the way in which an entity is assembled or constructed. These two possibilities are confused across and within different academic disciplines. Where 'structure' is discussed, it is often linked with theories about society. Simmie (1981) suggests that:

> 'Marxist theories commence with an analysis of society and proceed to make the activities of the state dependent upon the nature of society in which it is developed'
>
> (Simmie, 1981:62)

Marx's emphasis was upon the relations of capital, production and class. Capitalism was linked to the organizing of society and to the distribution of power. The nature of the 'Überbau' or 'superstructure' of the class system was shaped heavily by the underlying capitalist ethic (Giddens, A, 1984a:39). Deeper structure, or 'Unterbau', the root of such an ethic, implicitly influences, and is inseparable from, the superficial or superstructural level. The expectation is that systems derive their raison d'être from the underlying rules, which are both omnipotent and omnipresent.

From these assumptions spring many further potential confusions and empirical problems. The Marxist thesis of structure, which makes the conceptual division between upper and lower strata, has been allowed to infiltrate discussion of built environment issues for some time. It is linked to a number of approaches discussed in this research. The structures of housing provision paradigm (Ball and Harloe, 1992) is linked with the Marxist fundamental position (Kemeny, 1987; Healey 1991), although this connection is challenged by Ball and Harloe (1992:9). They refute the link, mainly it seems, on the basis that the Kemeny confuses questions of provision, with issues of production (Ibid). In this area the conceptual difficulties are significant. One reason for the link being made may be that the structures of housing provision is a very broad theory. It may be accused of attempting in some way to bridge the conceptual divide between surface and substructure; in this, there may be a confusion between a sort of 'horizontal' and 'vertical' concept of structure.

The Epsing-Andersen framework by Barlow and Duncan (1994) can be argued to be similarly fundamental or essential. This framework originates from the premise that 'liberal', 'corporatist' and 'social-democratic' states each have their own essential rules and values which impact upon policy making at the surface. Such things as the 'work ethic', the 'catholic church' or 'one-nation' states (Barlow and Duncan, 1994:29-29) all play a part in shaping policy, which is part of the system. These perceptions are 'bottom-up'; whatever the subject of interest to research, this will be influenced by the underlying organic forces. The discussion of a 'system' therefore, whether this be a political, social or housing system, derives its character from

structural forces. Policy and process, the 'system', will always be a function or reflection of these forces.

At the time of Marx's writings, working and upper classes were divided in an empirically observable way. 'Working class' people, for example, were given cheaper admission fees to some public places. 'Gentlemen' had to pay more. Societal divisions came about for Marx, since 'economic and political power were closely linked' (Giddens, 1984:39), and where the labourer existed only by leave of his ability to sell his labour. The analysis of these divisions could be referenced to *either* political *or* economic factors, and the class system explained accordingly. The underlying structure determined the overlying structure or system.

The analysis of 'structure' has been the subject of research by Healey and Barrett (1990), and by Healey (1992). The focus in the former article (Op cit) is upon Giddens' concept of 'structuration' (Giddens, 1984b), whilst the latter is upon the 'development process'. There are many difficulties with these areas. Healey's discussion of the models of the 'development process' has been criticized by Hooper (1992), not least because of the way in which Healey presents 'structure' models as a 'superior explanation' (Hooper, 1992:47). This presents an 'artificial separation between the sphere of the economy and the non-economic conditions of its existence' (Ibid). Healey therefore creates a conceptual separation between surface structure, which may function in accordance with economic rules or theory, and, on the other hand, substructure, whose raison d'être is not necessarily 'economic'.

Healey's approach to structure (Healey, 1992) is very much a functionalist one. It focuses more upon the observable manifestations of processes and systems, than upon the underlying values, in an attempt to provide a more empirical approach. This is in a sense an anti-Marxist position since from the Marxist standpoint, surface structure (what is arguably more 'observable'), exists only from the fundamental and is hence not to be given priority or weight. Healey's focus is on 'sequences' of 'events', 'agencies' or 'institutional' perspectives. These tell us about the mechanics of systems, but from a Marxist standpoint they have no utility, since structure is more

fundamental, and cannot be questioned by looking at the way in which systems function.

It is here that the debate needs to be elaborated to the relationship between structure and system. Some introductory comments to this relationship were made in Sections 1.6 and 2.6). The term 'structure' and 'system' are sometimes regarded in social theory as being interchangeable. Giddens (1982:34) suggests that the term 'system' is used interchangeably with 'structure' in structuralist literature and Dallmayr (1982) chooses to dispense with the term 'system' altogether. This implies firstly that the 'Unterbau' can be interchanged with the 'Überbau' and it does not matter whether we call the whole thing a 'system', or a 'structure'. Secondly it implies that systems should not be distinguished from structure, *notwithstanding* whether we are considering surface *or* deep structure. The interchangeability of the terms circumvents the definitional problems, but does not overcome the possibility that understanding of outcomes derives from a conceptual division between 'systems' and 'structure'. In this research hypothesis the focus is upon this precise juxtaposition; systems producing unexpected outcomes, a consequence of the way in which they are structured. A choice is made to perceive systems differently from the way they are 'structured'. 'Structure' in *this* research has functionalist connotations and is related to the 'system' in a way suggested by Giddens:

'Structure + Function = System' (Giddens, 1982:34)

Within this conceptual framework it is possible to isolate the two terms 'structure' and 'system' from one another; the analogy of a human body can be applied, whereby the structure of the body can exist independently of its functioning. Once the body is dead it can *still* be described, although its functioning has ceased.

To expand on the approach to structure which *this* research takes, a quotation from Healey and Barrett is used. This derives from their discussion of 'structuration' (Healey and Barrett, 1992), and which prescribes:

> 'the analytical task is to link the institutional analysis of the development process with the dynamics of the economy as reflected in resource flows, and with political organization and cultural values as reflected in rules and ideas'.
>
> (Healey and Barrett, 1992:93)

Within the quotation lie 'agency' foci; the question of 'institutions'. A structural focus is also evident in questions about the 'dynamics of the economy', and 'political organization', and less definable perceptions of structure are evident in the concepts of 'rules and ideas'. To try to model or operationalize this approach in a single model, however, would be extremely challenging. However the quotation does provide a useful starting point, in that it sets out a number of factors and paradigms for discussion.

Marxist approaches are initially set aside since they are extremely difficult to research in any empirical way. It is difficult for example to prove a relationship between a class or economic system, which may assume a number of unquantifiable values or cultures, and particular policies or processes in the housing sphere. Moreover, proponents of Marxist theses such as Engels, for example, were concerned to extend Marx's work from a concern with *nature* of systems, to the *history* of systems (Rubel, 1967:37). Such a concern provides particular methodological problems related to the question of comparative statics, which were discussed in Section 2.6. The approach taken to structure therefore relies more upon that of Healey (1991), and Healey and Barrett (1992). The challenge of their 'analytical task' (see above) is taken up, however, although in stages. Models of structure are approached by posing a set of questions in the context of the three countries. This occurs in adopting an 'event-sequence' interpretation. In other cases it is a matter of looking at agencies in the system of supply. Initially models are isolated from one another. These are, however, re-considered as the chapter progresses. As this happens, the level of analysis becomes more complex. From the 'event-sequence' interpretation in Section 4.4, the debate is expanded through the 'agency' model, and through to a discussion on the economic structuring of policy. Finally in 'equilibrium' and 'structures of housing provision' paradigms, all models are seen to be implicit. It is towards the latter stages of the chapter that Marxist standpoints becomes intertwined with the more

mechanistic interpretations of structure. This is a nesting process argued to be a valuable in that it provides a progressive analysis of systems of supply, as well as identifying issues of comparability and significance between specific agencies and structures.

Figure 21 provides a conceptual overview for the discussion of structure and systems.

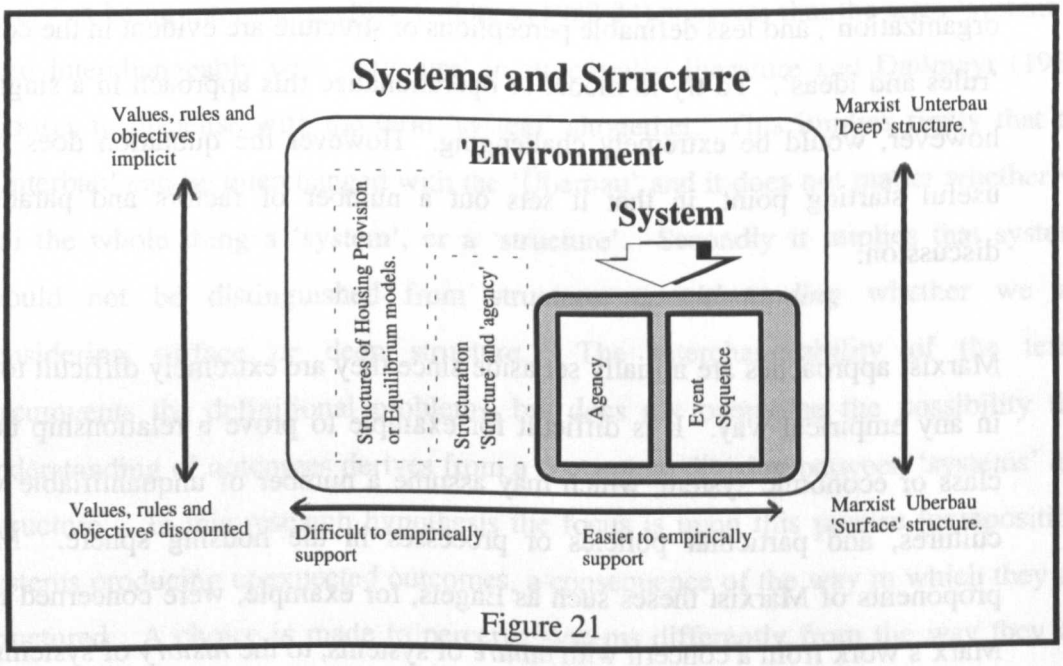


Figure 21

The figure depicts five interpretations of 'structure' to be discussed in this chapter. It shows that the 'event-sequence' and 'agency' models are applied within the context of the 'system' as it was defined in Chapter 3. These interpretations are provided in Sections 4.4 and 4.5. There is then an additional interpretation of 'structure' and 'agency' considered in Section 4.6. This considers the relationship between the macro-economy, Healey's 'dynamics of the economy' and the system. Finally in Section 4.7, there is a discussion of the thesis of the structures of provision and of the equilibrium model.

Figure 21 shows a number of continuums. These should be related to the interpretations. On the right hand side is distinguished the Überbau from the Unterbau. This is contextualized within the debate about the relationship between structure and the system. The comments on the left hand side of Figure 21 are intended to provoke debate about the extent to which different interpretations of

structure correlate with concepts of values, rules and objectives of systems. Left hand and right hand vertical continuums should be cross-referenced with each other. Finally, at the base of the diagram is provided a continuum relating to a viewpoint on the ability of research to support in an empirical way, models of structure. The interpretations of structure are now provided.

4.4. Systems of housing supply: an event-sequence interpretation.

4.4.1. Research context.

Previous research provides the possibility, when structure is considered as a medium of understanding, to look at what is termed by Healey (Healey, 1992:223) the 'event-sequence' model. This is applied by Healey in the context of the development process where the focus is on a number of stages; 'evaluation', 'preparation', 'implementation' and 'disposal' procedures (Cadman and Austin Crowe, 1978). These stages are broadly linked by Healey (1992) to questions about the 'maturing of circumstances', 'purchase of land' 'preparation of land', 'construction of development scheme' and 'occupation by.....developer, a new owner or a tenant' (Goodchild and Munton, 1985:65). The model is broadly seen to be about the circumstances of a process; in particular the way in which a development process may be held up, interrupted or constrained in some way.

The idea of constraints, interruptions or obstacles within a process is a theme of the conclusions of the recent German report (BMBau 1993). This arrives at the conclusion that:

> 'simple property-market systems function better than complicated ones'
>
> (BMBau 1993, p XXXII)

The German research conclusions, as discussed in Section 1.4, juxtapose an idea of structure with the theme of the role of 'state' and 'market'. The summary of findings states that 'a "simple" system is best demonstrated by the property market systems of

the Netherlands and Great Britain'. This is seen to be 'all the more surprising' 'since these two countries represent very different property systems. The system in the Netherlands is dominated chiefly by the influence of the public sector, whereas the British system is shaped more significantly than anywhere by market forces'.

This conclusion is accounted for by a number of factors of which are related to 'clear distribution of the tasks involved among a small number of players', 'one channel of supply for building land', and 'clarity and transparency' which reduces 'uncertainty' (Ibid, XXXII). The research intimates that a focus on structure is important for looking at outcomes; 'both these systems (Great Britain and the Netherlands) create an adequate supply of properties for large sections of the population at affordable prices'.

The case for looking at the system of supply in terms of 'events' and the way in which they link or do not link together can be strengthened by looking at what Ball has to say about structure and the construction industry (Ball M, 1988). He uses the term 'conjunctural' (Ball, 1988:19). This is used in a distinct context where other mediums of understanding, in particular neo-classical economics and the theory of monopoly, are discussed. Ball seems to promote an agency perspective, in the sense that the context relates to organizational relationships. However, the concept of 'conjunctural' links is particularly relevant where the system is considered in a mechanical way.

Indeed, in looking at the event-sequence model or considering systems in a conjunctural manner, it may be helpful to focus mainly on the mechanics and linkages of the system, rather than considering the political relationships. These are better considered in an agency perspective (Section 4.5). The focus adopted by Healey is nevertheless significant in that it seems to draw on the work of earlier analysts of systems and structures such as Durkheim, who elaborated system analysis in terms of systems which could be 'functionally dependent' or exhibit 'organic solidarity' (Giddens, 1984a:77). This is seen to be a focus on function, workings, operation and mechanical linkages within systems, which seems to provide the context for Healey' s event-sequence focus.

4.4.2. Thesis of the 'event-sequence model'.

The term 'event-sequence model' can be an amalgam of many different facets recognized in research as being significant for understanding outcomes. Given this, it is important to set out how the 'model' might be interpreted and where the particular focus lies.

The conventional problem with the model is that it has been related to the 'development process'. As Hooper has suggested, this is essentially a 'descriptive (term) lacking material referent' (Hooper, 1992:45). Moreover in the comparative context some countries have more 'development processes' than others: the number depends largely upon the number of sectors of housing supply in existence.

When using the concept of 'events' in 'sequence', therefore, it is perhaps helpful to relate it to something broader. At best this is argued to be the wider system, where the links between policy making and the process or processes of development are investigated. From this starting point a number of questions can be posed which are intended to address the epistemological framework of the event-sequence paradigm. These questions, which are applied across all three countries, are as follows:

- How integrated is the system?
- How simple or complex is the system?
- What links exist for determining housing outcomes?

4.4.3. United Kingdom.

4.4.3. (i) How integrated is the system?

At the national level, the United Kingdom is most remarked upon for its apparent lack of policy integration. There are few policy documents which attempt to link the system of housing supply together within the three main fields of housing, planning and land. Housing Investment Programmes (HIPs), introduced in 1979 are perhaps

the main exception. These allowed local authorities to reconcile housing need with their planning objectives and to co-ordinate them within bids to the Department of the Environment. Another more recent move, resulting from the Planning and Compensation Act 1991, now allows local authorities to build into development plans a provision for affordable housing.

Generally, however, the body of argument suggests a lack of co-ordination between the main policy facets (Bramley, 1994; Carter and Brown, 1991; Chiddick and Dobson, 1986). The relationship between land use planning and land policy highlights this perhaps best. Guidance on land availability in the 1980s is provided in Circulars 9/80, 'Land for Private Housebuilding' and 15/84, 'Land for Housing'. In the latter, local authorities were urged to:

> 'ensure that at all times land is or will become available within the next five years which can be developed (or is being developed) within that period'.
>
> (Department of the Environment, 1984)

This directive proved during the 1980s to be problematical. What was 'developable' to the local authority was not necessarily 'developable' to housing developers. This often hinged around the question of whether housing built in a certain area could be marketed and sold. It was not enough that local authorities had set aside five years supply of land. This land had to be both 'developable' and 'marketable' from a developers point of view. The frustration caused by these sorts of problems led Chiddick and Dobson in 1986 to suggest that 'government changes the statutory basis in line with its advice by recognizing the intrinsic linkage between economic and land use policies' (Chiddick and Dobson, 1986:13).

These are a few examples which reflect favourably upon how the main policy facets are co-ordinated. Generally, central government has made few attempts to bring together issues relating to land, housing and planning. If the system of housing supply is integrated in any way, then it is integrated, or made consistent, by decisions of government not to interfere at all. Most of the main policy facets have arguably been turned over to the private sector and to a greater role for the market. These are well

documented by Peter Malpass and Alan Murie (Malpass and Murie 1993) who consider housing policy, and Andy Thornley (Thornley, 1993), who considers the planning system.

4.4.3. (ii) How simple or complex is the system?

The ideas underlying the event-sequence model could be applied, it is argued, within the context of a manufacturing system or process, where the concern is to minimise the number of disruptions or potential stoppages in the process. One way of doing this might be to bring many stages in the production system 'under one roof', so to speak. A firm might do this with the idea of 'vertically integrating' its production process (Clarke, 1985:6) so as to avoid relying upon specialist contract procedures for different stages of production. From this standpoint it could achieve its production objectives both in terms of volume and quality of product.

In the United Kingdom it is possible to speak of a single production 'channel' in respect of land acquisition, infrastructure provision and house building itself. Land, the raw material is made available for housing development via private owners or private developers. This can involve either the immediate sale of land with planning permission to house builders or can involve housing developers purchasing land without planning permission in the hope that eventually the land will be granted permission on which they can build. The state plays only a very minor role, perhaps where land has been held by local authorities over a long period of time or where housing association development is involved.

The grant of planning permission, which is the next stage in the process, lies ultimately with the local planning authority. The provision of infrastructure, as a third stage in the development process lies largely with the private sector (Section 3.2.5). As was shown by the report of the German government (B.M.Bau 1993) around 75% of all infrastructure is provided by private developers. Much of the way that infrastructure is achieved, is via planning agreements or more recently, planning obligations (Section 3.2.5). The procedure by which serviced building land is

achieved relies then largely upon the private sector. The role of local authorities is confined mainly to a planning one.

But what are the implications of this reliance on a single channel of land supply for housing production? Does this in practice allow the system in the United Kingdom to achieve its objectives in terms of fulfilling housing need and demand? More importantly in the comparative context, does it lead to similar outcomes where other systems have channels of land supply which are equally narrow, albeit from a different source?

4.4.3. (iii) What links exist for determining housing outcomes?

If the analogy of the firm and its production system is expanded, it may be suggested that not only ought the firm be able to produce in sufficient quantities, but it ought also to be able to change its type of product in response to factors causing changes in demand. In this research the focus is upon both private and social sector housing.

Since the end of the 1970s, and arguably before this time, mechanisms for switching production between tenures or sectors have been notably absent. Control over the tenure of housing supply has to be referenced to the way in which the land market has operated. This can be argued to favour housing production by those who can bid the highest residual values for the land. This has been mainly private sector housing developers and particularly those supplying new housing of higher value. The ability of other housing producers, evident in the social sector, to compete, has to make reference to the market mechanism and the principle of land values arrived at via the residual process.

An 'open' market in land might be described in terms of one which is free of controlled 'pricing', 'betterment', and 'taxation' (Section 3.2.2). This is however not necessarily one which smoothes the way for differing forms of housing production. The pricing mechanism may not only exclude social or affordable housing. It may

also create obstacles or problems for private housing developers by virtue of land which is inordinately expensive at one moment whilst being inexpensive at another.

The problems for private housing developers in the land market are tied up with the issue of the 'maturing of circumstances' (Goodchild and Munton, 1985); the idea that land should be purchased and sold judiciously is one which is inherently wrapped up with the rather cyclical nature of housing development in the United Kingdom. Hence when linkages are depicted in the system of supply in the United Kingdom (Figure 22), there is a need to emphasise strongly the issue of site viability which may go hand in hand with movements in the market, which both helps and fails developers over time.

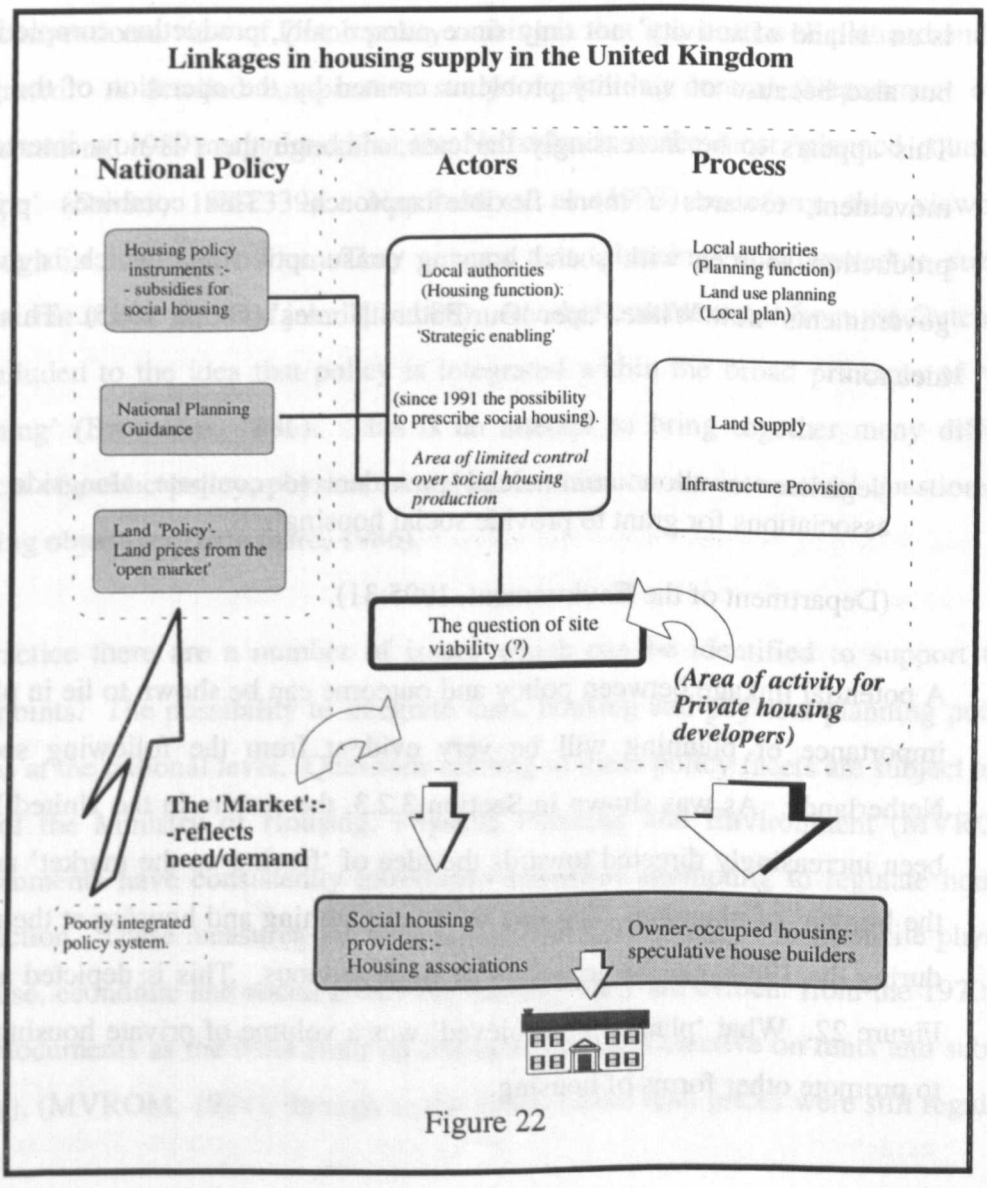


Figure 22

The case for a flexible production system in the United Kingdom is also weakened by looking at housing policy, particularly in the 1980s. Opportunities to provide forms of housing other than private sector owner-occupied could be argued to be quite limited. Indeed they were mainly restricted to housing associations who managed to attract housing association grant (HAG) and to a very small number of private investors in private rented housing market. The primary mechanisms might be regarded in the comparative sense as rather peripheral since they involved discretionary subsidies rather than direct intervention in land and housing markets.

Within the system as a whole, therefore, the potentially weak linkages between government policy and social rented housing might be emphasized (Figure 22). This is an 'island of activity' not only since numerically, production completions are low, but also because of viability problems created by the operation of the land market. This appears to be increasingly the case, although there is now interestingly some movement, towards a more flexible approach. This combines 'private' sector production sources with social housing consumption and which is evident in the governments' new White Paper 'Our Future Homes' (D.o.E, 1995). This promotes an idea to:-

> 'legislate to allow commercial providers to compete alongside housing associations for grant to provide social housing'.
>
> (Department of the Environment, 1995:31).

A potential linkage between policy and outcome can be shown to lie in planning. The importance of planning will be very evident from the following section on the Netherlands. As was shown in Section 3.2.3, the system in the United Kingdom has been increasingly directed towards the idea of 'freeing up the market' and 'removing the burden' of planning. The link between planning and housing at the national level during the 1980s can be argued to be quite tenuous. This is depicted accordingly in Figure 22. What 'planning' 'achieved' was a volume of private housing. It did little to promote other forms of housing.

In the 1990s there are some further changes, however. Circular 7/91 (D.o.E, 1991) allows local authorities to require a percentage of 'affordable' housing in development schemes. Whether this signals a stronger link between planning and housing development in the social sector is yet to be seen. Whilst there is a consensus that more affordable housing is needed, what precisely 'affordable housing' is, has not yet been established. Perhaps more significant is the apparent inability of local authorities to relate this 'affordable housing' to any specific tenure (D.o.E. (1992).

4.4.4. The Netherlands.

4.4.4. (i) How integrated is the system?

The conventional view of Dutch policy making is that it is both well planned and well integrated. A detailed comparative study of planning control (Department of the Environment, 1989) suggested that the Netherlands is the most 'planned country in Europe' (Davies, 1989:339). Needham et al (1993) re-inforce this viewpoint, although in a different way. They suggest that 'planning' is promoted to such an extent that it is a 'national joke' (Ibid:86). Another commentator from the Dutch side has alluded to the idea that policy is integrated within the broad principle of 'facet planning' (Brussaard, 1986). This is an attempt to bring together many different aspects of public policy, physical planning, land issues, environmental questions and housing objectives (Brussaard, 1986).

In practice there are a number of issues which can be identified to support these viewpoints. The possibility to integrate land, housing and physical planning policies begins at the national level. Questions relating to these policy facets are subject to the role of the Ministry of Housing, Physical Planning and Environment (MVROM). Governments have consistently introduced measures attempting to regulate housing production. These measures are most notable for their attempts to reconcile physical land use, economic and social policy objectives. They are evident from the 1970s; in such documents as the Nota Huur en Subsidie Beleid (Directive on rents and subsidy policy), (MVROM, 1974), through to the 1980s where land prices were still regulated

in most housing sectors (MVROM, 1991b). Indeed, up to the recent Nota Volkshuisvesting in de Jaren Negentig (Memorandum on Housing on the 1990s) (MVROM, 1989), which is focused on a broad range of housing goals and policy instruments

Yet whilst the intention to provide an integral system is evident, the achievement of integrated policy planning, depends not simply upon what central government say *ought* to happen, but upon the links between policy making and implementation. In this respect, it is important to comment on the relationship between central and municipal government.

For housing development, this is perhaps most important in the sphere of land policy. Central government has intervened consistently to allow municipalities to follow through their housing objectives. A quotation from a Housing Ministry study on land policy (MVROM, 1991b) is a good starting point for expanding the debate about integration:

> 'The direct link between municipality and central government ..... is connected to the most important government steering: social rental houses with accompanying aid. The municipality commissioned or supervised the non-profit housing associations as to social rental housing: at the same time it supplied the required land that was prepared for building. Building land for social rental housing was not remunerative enough for private land exploiters so that a new task ..... was entrusted (for the period 1901-1985) to municipalities ..... municipal land exploitation'.
>
> (MVROM, 1991b:9)

There are some important points which are raised as a result of this statement. First is the point about 'social rented houses with accompanying aid'. Second is the role of the municipality in land 'exploitation'. They are both significant in the discussion about housing outcomes (Section 4.4.4. (iii)). In this section it is important to highlight that the quotation suggests social housing production to depend not simply upon central government housing subsidy, but upon an *interaction* of central government housing subsidy and municipal land policy. This also applies, as will be explained in Section 4.4.4. (iii) to housing in other sectors. These sectors could be

(Figure 8) 'private rented', 'subsidised ownership', or could include, as is increasingly becoming the case, 'unsubsidized' housing construction.

The link between central and local level extends therefore to the fields of housing and land policy. This should not be overlooked as these facets are also co-ordinated with physical planning. As was shown in Section 3.2.4, municipalities are not only agencies of land supply, but also of land use planning. Physical plans, most evident in the bestemmingsplan, can be related closely to the financial implications of central government subsidies as well as to the direct costs to the municipality of land preparation and infrastructure provision.

4.4.4. (ii) How simple or complex is the system?

If the Dutch system is considered within the same analogy as that for the United Kingdom, i.e. the 'firm', it may be suggested to be a simple one. This is mainly due to the nature of a process where land supply is from a single (municipal) actor. Municipalities are strongly supported by a number of central government policy instruments which apply to land use, land and housing objectives. Municipalities may be regarded as being in control of the process where they filter land between a number of different house builders in the same way that a firm might change its production run in response to changes in demand. The system may additionally be regarded as 'simple' because these house builders are not involved in the land market to any great extent. Problems associated with speculation, land holding or other obstacles to supply appear not to occur to the extent that happens in the United Kingdom.

Previous sections of this research have built up a picture of the Netherlands in which the system of housing supply is smoothly flowing, and where land supply is co-ordinated with planning and housing policy. Yet it is clear that the system is potentially quite complex. By contrast with the United Kingdom, where government has remained relatively distant from attempts to intervene or to integrate policy, Dutch governments have utilised an array of policy instruments by which housing production outcomes may be controlled. This research analyses at a broad level only; differences

in land policy, for example, are considered in terms of *having* or *not having* land state pricing, or indeed policies to appropriate betterment. At a more detailed level, however, these broad policies can be perceived as being divided and sub-divided into smaller and more discrete areas. One of the more significant determining influences are 'location' subsidies. These have been used extensively since the mid 1970s to influence housing and commercial property development. Three main measures (Spaans et al, 1996:24) are the Locatiesubsidieregeling ('Location subsidy regulation'), the Subsidie grote bouwlocaties ('Subsidy regulation for large building sites') and the Hoofdinfrastructuurregeling ('Main infrastructure subsidy regulation'). The implications of 'location' subsidies mean that housing production can be subsidised 'vertically' as well as 'horizontally' (Wigmans, 1993). It is subsidised 'vertically' within the main channels of subsidy for housing production, as well as 'horizontally' across specific locations.

The system is also potentially complex by virtue of the fact that it is highly planned. The need to provide a system of land use plans which are legally binding involves both a wide reaching consultation process, particular with private sector interests, as well as a potentially long period during which the plan is drawn up (Vermeer, 1992). If land use plans have to be integrated with other facets of policy such as land and housing strategies, then the question arises of whether the whole process is in practice as 'simple' as may be anticipated.

4.4.4. (iii) What links exist for determining housing outcomes?

Chapter 3 and the previous two sections aimed to describe the framework through which housing supply is steered in the Netherlands. Production has been argued to rely to a significant extent upon the way in which central government subsidies and the municipal role in land supply and planning inter-relate. Policy instruments relate to planning, land pricing and housing subsidies. All taken together they effectively 'prescribe' the type of housing development that will take place. But how does this happen at the municipal level? In particular how do municipalities determine how much social housing will be produced and how much housing in the market sector?

Municipalities, as the main planning agencies and initiators of development plans have been supported by central government steering of land prices, particularly for the social sector. The aims of the development plan, in so far as there is required to be a mix of new housing development, is determined by the land pricing policy. Land prices for housing in the social sector are fixed by central government on a yearly basis (Wigmans, 1992:24); the price, for example in 1992 for the Province of North Holland, in which Amsterdam is located, was Hfl 22,500 (£9493-00 at current sterling rates) per plot. In order that municipalities do not charge housing associations or other house builders in the social sector so much that social housing becomes unviable, central government make a subsidy available, conditional upon the price of land being kept at the recommended level:

> 'Als subsidie-voorwaarde geldt dan ook dat deze maxima niet overschreden mogen worden'
>
> (Wigmans, 1992:23).
>
> ('as a condition of the subsidy it is also necessary that this maximum price does not become breached').

The subsidy for price lowering to enable social housing is not available in all areas (MVROM, 1991:3), however. It is only available in locations in which it is desired to direct subsidised housing production. A distinction between areas in which subsidies apply and do not apply was made in the so-called 'Brown Booklet' introduced in the late 1960s. Where subsidies cannot be obtained the municipality must attempt to cover its cost of land exploitation through the development scheme as a whole.

Hence two main situations occur; one in which the municipality can develop social and other forms of subsidised housing with some form of subsidy guarantee, and the other where no subsidies apply. In the former situation, under which since 1985, subsidies come from one large 'urban renewal fund' (MVROM 1991:27), municipalities are afforded some cushion against the need to fix land prices in the

social sector; to some extent the shortfall can then be offset against the subsidy without the need to raise the price of land for housing in other sectors of the plan area.

Where, however, no subsidy is available and social housing is required to be provided in the plan area, the limit on land prices for social housing may have implications for the plot prices in the market sector. In other words, some form of cross-subsidisation may have to occur in order to cover the municipalities' land exploitation costs. These costs derive from land preparation as well as from the provision of infrastructure. It should be recalled from Section 3.2.5, that land sold by municipalities is serviced building land.

The 'exploitation' of land considers several 'input' factors. These can be divided into 'kosten' ('costs') and 'opbrengsten', ('benefits') (Wigmans, 1992). The costs relate to land acquisition, land preparation, provision of infrastructure, green space and areas for water settlement. The 'benefits' are seen in terms of the housing which results within the plan area or the value of the sale of the land. Appendix 1 provides an example of an exploitatierekening. This is a financial statement for the proposed development. The example in Appendix 1 relates to an area in Rotterdam of 138,000m^2. In this area 1196 multi-family dwellings are to be built. Important to note is that this is an area of urban renewal which qualifies not only for central government subsidy, but also for a 'location subsidy'. This subsidy could be available to municipalities in order to counter difficult building conditions or could be available as a result of broader strategic housing and planning objectives for that location planning to have housing in that specific area. The exploitatierekening is accompanied by a bestemmingsplan. The exploitatiekening (Appendix 1) shows the 'cost' element of land acquisition, expropriation and site preparation costs as well as the contingencies of planning overheads and interest costs. The total costs are Hfl 77,131,021 for the scheme. The rekening shows also the 'opbrengsten' or 'benefits' which are in terms of dwellings produced. Also included amongst the 'benefits' could be 'winkels' (shops), or 'bedrijven' (industry and commerce). The total benefits amount to Hfl 17,823,235. This document, along with the bestemmingsplan would be forwarded to central government as a viability study for the area. It would form the

basis for subsidy from central government, once the location subsidy element has been discounted.

It is important to note how outcomes are arrived at under this model of development. Both financial and land-use considerations are dovetailed together within the municipal land exploitation scheme. This is depicted in Figure 23.

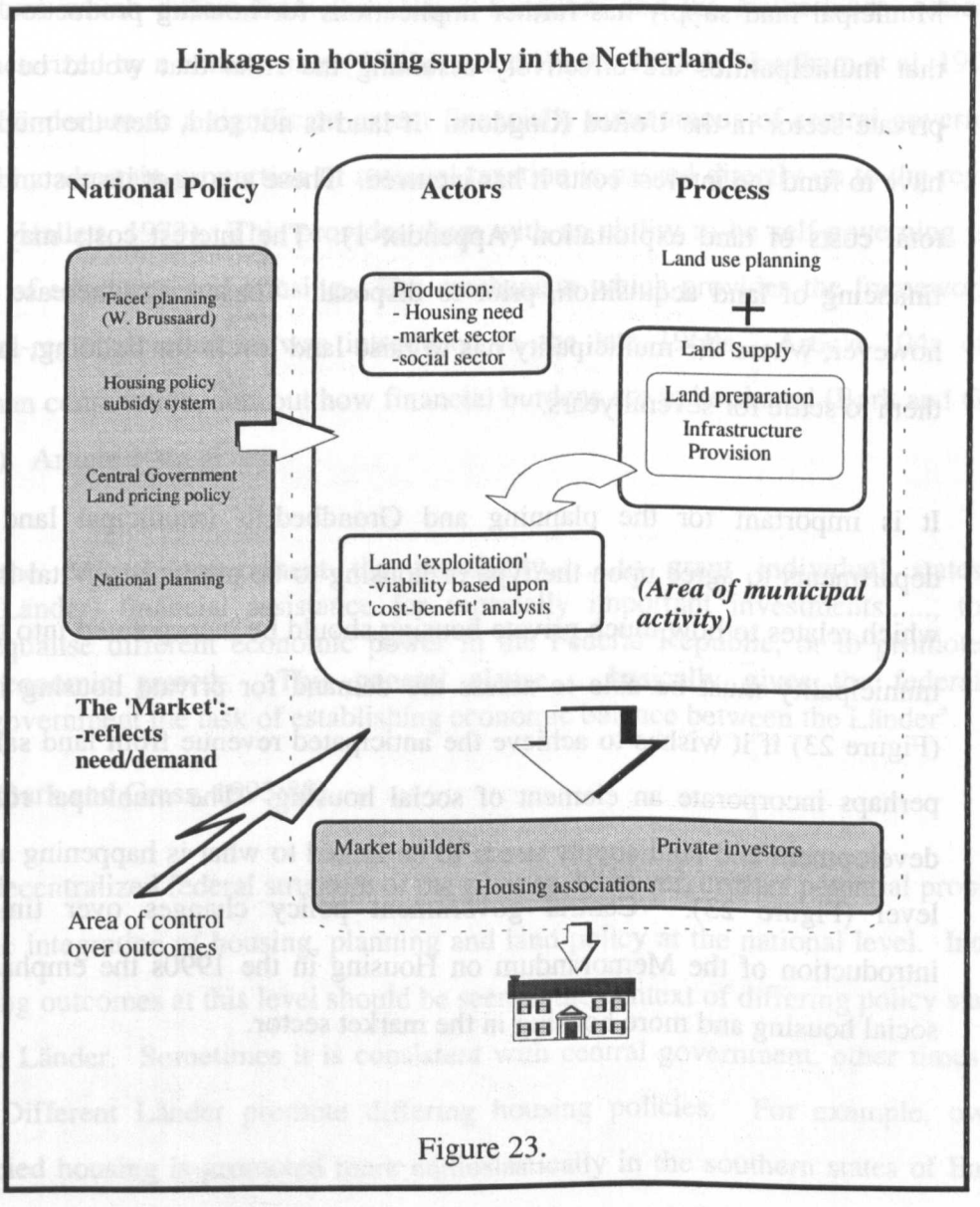


Figure 23.

It may be interesting to comment at this stage that in the United Kingdom, the issue of how the land is *used* cannot be easily reconciled with the *cost* of developing it, or

making it ready for building. This is because the *viability* of development is a consideration for the private sector and not for planning authorities. Only on rare occasions have local planning authorities been able to refuse planning permission on the grounds that the developers had not the financial means to develop. The case of Somvots versus the Secretary of State for the Environment in 1979, (AC 144) was one such exception.

Municipal land supply has further implications for housing production outcomes in that municipalities are effectively assuming the risks that would be taken by the private sector in the United Kingdom. If land is not sold, then the municipality will have to fund the interest costs it has incurred. These are a not insubstantial part of the total costs of land exploitation (Appendix 1). The interest costs may relate to the financing of land acquisition, prior to disposal. These costs increase dramatically, however, where the municipality has to raise land levels for building, and then leave them to settle for several years.

It is important for the planning and Grondbedrijf (municipal land department) departments to agree upon the type of housing to be produced. Vital is the decision which relates to how much private housing should be incorporated into the plan. The municipality must be able to assess the demand for private housing in the market (Figure 23) if it wishes to achieve the anticipated revenue from land sales and hence perhaps incorporate an element of social housing. The municipal role in housing development and land supply needs to be linked to what is happening at the national level (Figure 23). Central government policy changes over time; since the introduction of the Memorandum on Housing in the 1990s the emphasis is on less social housing and more housing in the market sector.

4.4.5. Germany

4.4.5. (i) How integrated is the system ?

The policy framework for housing in Germany is conventionally referenced to the role of the Länder (Dieterich et al, 1993:2; B.M.Bau, 1993:84; Hooper, 1989:256), the Federal states, of which there were twelve prior to re-unification. This a constitutional structure which differs from the United Kingdom and the Netherlands, which are characterized by a unitary state (Williams and Wood, 1993:2; Needham et al, 1993:3). The Länder are to a significant extent financially autonomous of central government whereby a certain proportion of national taxation is passed directly on to the regional level (Hallett, 1973). This provides them with an ability to be self-governing in the areas of education and housing. The mechanism which provides the framework for central-regional relations was introduced in the late 1960s. Article 104a of the German constitution, sets out how financial burdens are to be shared (Bark and Gress, 1993). Article 104a gives:

> 'the federal government the possibility.....to grant individual states (Länder) financial assistance for especially important investments....., to equalise different economic power in the Federal Republic, or to promote economic growth. This general clause..... basically gives the federal government the task of establishing economic balance between the Länder'.
>
> (Bark and Gress, 1993:88)

The decentralized federal structure of the country, however, creates potential problems for the integration of housing, planning and land policy at the national level. Indeed, housing outcomes at this level should be seen in the context of differing policy stances of the Länder. Sometimes it is consistent with central government, other times less so. Different Länder promote differing housing policies. For example, owner-occupied housing is promoted more enthusiastically in the southern states of Bayern and Baden-Württemburg, whilst social housing is supported to a greater extent in the northern state of Nordrhein-Westphalen (Boelhouwer and Van der Heijden 1992:106). Getting a certain type of housing built therefore, depends to some extent upon *where*

the supplier is trying to locate production. The distribution of subsidies depends to a large extent upon the Länder:

> 'The Länder are responsible for actually attributing the credits.....the federal subsidies and those of the Länder constitute, all together, the fund of financial subsidies attributed to the construction of buildings for housing purposes. The Länder decide in which way the money is to be used: as capital aid, as a credit to the expenditures or, in a combined way, for both'.
>
> (Duvigneau and Schönefeld, 1989:10).

Despite the decentralized structure, the objectives of central government are achieved through a number of measures which transcend the regional or local perspective. Foremost amongst these are the housing production programmes which have been implemented since the Second World War. These originated in the First and Second Förderungswege, which have been very significant for housing supply (Figure 10). The state sponsored house building promotion schemes are still in evidence today in the form of the Third Förderungsweg, and in the Wohnungsbauerleicherungsgesetz 1990. The latter measure is a law to enable the production of social housing, which has been particularly important since re-unification.

As will have been evident from Section 4.2, which summarized the nature of the systems of supply, German governments have intervened quite significantly in housing production. Yet intervention on the same scale has arguably not been extended to the land market in the same way as in the Netherlands. A number of reasons for this were suggested in Chapter 3. These included differences in the physical conditions for the development of land and also differences in the cultural perceptions of land. Strong intervention in some policy facets, notably housing and physical planning, combined with a land policy which might be seen to be more relaxed, arguably weakens the case for consistency.

4.4.5. (ii) How simple or complex is the system?

The case for viewing the system of housing in supply in Germany as a simple one is weak. In the report of the German government (B.M.Bau 1993), there is much made of the complexities of the development process, which relies upon both private and public sector participation. This is not always seen to work smoothly. Perhaps more important are the implications of housing policy in Germany for the process of development.

'Process of development', however, cannot be used in such a singular way in Germany as in the other two countries. German housing policy has arguably been more innovative and flexible than in either of the other two countries. The emphasis on supply-side subsidies (Section 3.2.1) which are not constrained to registered suppliers or other institutional building interests, makes it difficult to simplify or normalise a model of development. The difficulties of dealing with a broad range and type of housing suppliers are significant, by comparison with the other two countries.

Although the state has been reluctant to intervene in the land market, this is not the case in so far as the provision of infrastructure is concerned. Infrastructure provision in Germany (Section 3.2.5) does rely much more significantly than in the United Kingdom upon the Gemeinde, or local authority, although less so than in the Dutch case. The range of instruments lying within public law provides them with the opportunity to regulate infrastructure provision to an important extent. There is evidence (Figure 17) to suggest that they do this.

Indeed it is the general question of the need to provide roads, services, green space and other infrastructure, that brings to a head the issue of private sector land supply and state planning and infrastructure powers. A question which particularly needs to be posed relates to the significance of policy instruments which support the process of Erschließung. Section 3.2.5 outlined the possibilities for the Gemeinde to regulate housing development in connection with infrastructure provision in the form of 'Umlegung' and 'Grenzregelung'. In the case of 'Umlegung' there is a possibility to

alter plots of land to enable Erschließung. Figure 17 shows that (Mode 'D') a significant proportion (c.40%) of development does not have to rely upon such procedures. Where, however 'Umlegung' and 'Grenzregelung' *do* apply however, it is relevant to ask:

- what might be the impact on the financial viability of the house to be built?
- what are the implications for the timing of housing construction?
- what is the effect on the proposed layout of the plot(s) - do the areas set aside for roads and common space cause housing suppliers to build elsewhere?

Where the housing supplier is a company, then it may not be such a problem to co-ordinate public and private sector objectives. Where, however, the supplier is a private household (both supplier and housing consumer), then the task may be more problematical.

These problems are sometimes overcome by taking a more interventionist stance. Within the German system there are traces of what might be seen as more characteristic of the Dutch system. There are examples of the comprehensive planning ideal. The Städtebauliches Entwicklungsmaßnahmen (Duvigneau and Schönefeld, 1989:40-1) are a case of a more integrated approach to development where Gemeinde have taken over an urban area with a view to re-development. In other cases a possibility arises for a municipality to grant planning and building permission to private owners on condition that part of the land is sold at a below market price. On this land, the municipality may build social housing. This was the case in the so-called 'Stuttgart model' of development (Golland et al, 1994). This example, and indeed that of the Städtebauliches Entwicklungsmaßnahmen model of development, are exceptions rather than the rule.

4.4.5. (iii) What links exist for determining housing outcomes?

The link between housing outcome, which can be reflected in production by different sectors and tenures, and the system at large, is governed by a number of factors. In

Germany these factors are perhaps more commonly associated with the United Kingdom, than the Netherlands. In the Dutch case, it was shown that the type and tenure of housing produced was dependent very much upon the role of central government and municipality. This was most evident in land pricing, and the way in which municipalities anticipated trends in the housing market on behalf of house builders. Production in the Dutch market sector is not entirely independent of production in the social sector. In the United Kingdom the linkages between different sectors of supply were argued to be weaker.

This may also be the case in Germany, when one considers that the development land market is influenced heavily by private ownership. It is difficult for the state to regulate housing production in a situation where the raw material for housing production can sometimes be unavailable or unaffordable:

> 'The building land markets especially in the agglomerations of the Federal Republic of Germany are characterised by a situation in which land ready for building is not available to an adequate extent and that available building land is not coming on to the market on an adequate scale.....a major cause of bottlenecks in supply, however, is that public and private sectors have not succeeded in making designated building land available.....to eliminate bottlenecks in the supply of building land, it is necessary to both designate new building land and to make it available'.
>
> (B.M.Bau 1993 - Baulandbericht 1993a).

Land is a problem which is emphasized as a constraint to supply in all sectors. Governments, however in Germany, whilst recognizing this, have provided subsidies on house building itself, as a method of stimulating production. These are available for a broad range of suppliers. The key linkages therefore, within the system of housing supply in Germany, are seen not to relate to facets of land and housing policy, but to building subsidies available to private households, social housing producers and other Unternehmen (Figure 24).

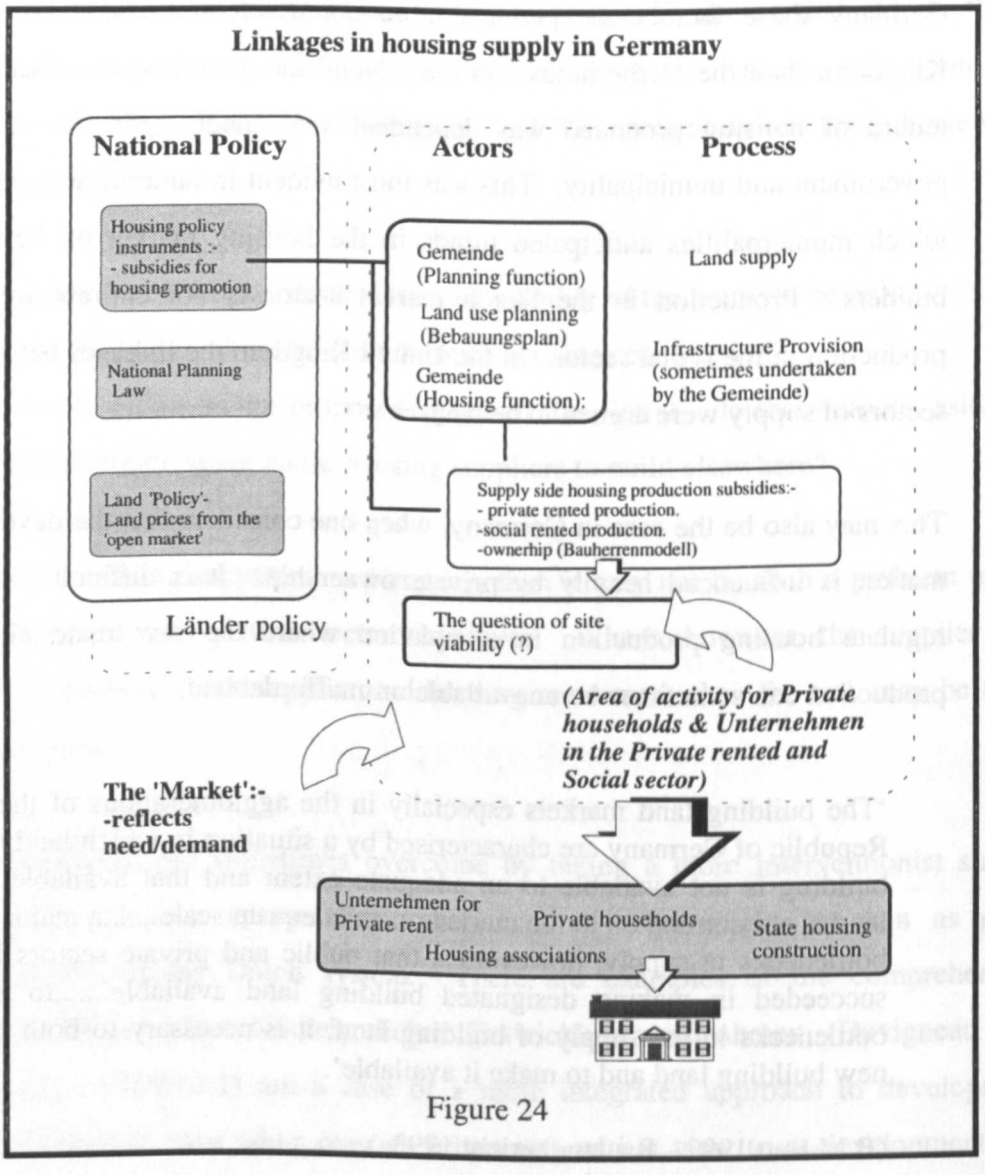


Figure 24

Social housing supply depends not only upon the cost of land, but also upon the capital market. Finance comes to a significant extent from the private sector; Rosemann and Westra suggest that the 'financing of social housing construction was largely privatised by the beginning of the 1970s' (Boelhouwer and Van der Heijden 1992:115). Kühne Büning (1991) supports this view:

> 'Die für den freifinanzierten und steurbegünstigsten Wohnungsbau festzustellende Zinsabhängigkeit wird im *öffentlich geförderte Wohnungsbau* durch die relative hohe Beteiligung der zinslosen oder gering verzinslichen öffentlichen Baudarlehen an der Finanzierung teilweise ausgeschaltet oder verzerrt. Darüber hinaus ist zu vermuten, daß die Zinsabhängigkeit im

Mietwohnungsbau stärker ausgeprägt ist als im selbstgenutzten Wohneigentum.'

(Kühne Büning 1991:172)

('In the context of the 'freely financed' or 'tax advantaged' house building sectors where there is an 'established interest-rate dependence', the relatively high significance of interest free or loans at marginal interest rates for the publicly funded housing construction, leads to a partial or distorted picture. *Beyond that, it is to suppose that the construction of rented housing is more strongly dependent upon the interest rate than for owner-occupied housing construction*').

The implications of this suggest that in sectors other than those which are wholly subsidized by the public sector (1-2% of all construction since the beginning of the 1980s (BDZ, 1993)), housing construction in the *rented sector as a whole* will be very much dependent upon what is happening in the economy at large. This will apply to construction in the social rented sector by private companies and individuals as well as to providers of private rented housing. Hence in depicting the 'system', (Figure 24), there is a thin ('dotted') dividing line between the 'market' and housing production.

A sharing of responsibilities between state and housing supplier is evident in the principle of 'eigenwirtschaftlichkeit' (Boelhouwer and Van der Heijden:117) which means 'own good management, thrift and husbandry'. This is the idea that private households who promote their own housing should do so on a self-governing basis. However, if the household is prepared to assume the risks for the development, then he or she will be aided by the state. This is conditional that the Bauherr:

'auf eigene Rechnung und Gefahr ein Gebäude baut oder bauen läßt und das Baugegeschehen beherrscht. Er muß wirtschaftlich das Bauherrenwagnis tragen somit die bei der Durchführung des Bauvorhabens auf *seinem* Grundstück typischen Risiken wie Baukosten, Finanzierungs-, Vertragsrisiken etc. tragen. Außerdem muß er rechtlich und tatsächlich die Planung und Ausführung in der Hand haben.'

(Schmitz, 1991:121)

('of his own account and risk builds, or has a building built and manages the building process. He must be reconciled to the risky nature of being a

> Bauherr and with it carry the typical risks associated with building costs, finance and building contracts which arise as a result of building on his plot. Other than this he must assume planning and execution (of building) as a matter of course').

This principle is exemplified in what has become known as the 'Bauherrenmodell', a model of supply which was quite significant under the CDU/FDP coalition government in the 1980s (Hafner, 1994). The ability to qualify depends upon both the nature of contracting, i.e. whether housing construction depends entirely upon the efforts of the household, as well as to some extent income considerations. The possibilities for tax deductions have been reduced rather during the 1990s, however (Schmitz, 1991:122).

4.5. Systems of housing supply: an agency interpretation.

4.5.1. Research context.

As with the interpretation of the event-sequence model, there is a history of theory relating to what are known as 'agency' approaches. The agency paradigm can be linked with sociology in that there is a focus upon behavioural aspects of individual actors or institutions. In the more recent past, however, agency has been promoted as a medium for understanding issues relating to land and the built environment.

Form (1954) was probably the first to promote the idea of a link between agency or institutional analysis and outcomes when he introduced the idea of 'organisational congeries' in the land market. Aggregations of 'real estate, 'big business', 'residents' and 'government' all having differing interests and motivations compete and influence outcomes within the built environment. This focus has been extended quite widely in the context of the development process, by Healey (1992), and by Goodchild and Munton (1985), the latter who looked in particular at the role of landowners in the development process. The importance of relationships between important players in the land market has been a focus adopted by Simmie (1981), who examined various agencies in business, local authority and education and their influence on the design of development plans (Ibid:149-215). The importance of particular agencies, 'urban

gatekeepers', in the process of gaining access to housing is the focus of a study by Pahl (Pahl 1977). The agency paradigm is used in a broader context by Giddens as a foundation for the theory of structuration, which is seen to be a 'correlation of agency and structure' (Dallmayr, 1982:21). 'Structuration' is further considered in Section 4.6.

The agency paradigm is seen to be helpful in trying to understand outcomes. It is argued, as is implicit in the Giddens' thesis of structuration, that agency approaches can make a significant contribution to an understanding of the way in which systems are structured.

Agency approaches incorporate a number of themes. Perhaps the most important is that an agency approach focuses on individuals, organisations or interest groups. Their role can have a bearing on a particular outcome or set of outcomes. This can be a result of particular motivations, or because an agency enjoys a position of dominance or power, or because an agency is in some way a catalyst, or indeed obstacle, to certain expectations. In these respects, the agency paradigm is a conceptual overlay for an event-sequence perspective. Taking an agency perspective involves not simply examining a chain of events or simple linkages, but requires a closer look at the role of the actors themselves and at the nature of the relationships which exist between them. Conceptually, this may be viewed as the difference between a two dimensional and a three dimensional model. The event-sequence idea provides a structure or chain of events. The agency paradigm works within this structure, yet may utilize or exploit it in its own particular way.

4.5.2. Thesis of the agency model.

The focus on agency can be from several angles. The focus can be upon the motivation of agencies in the system of housing supply. There can be profit maximizing motivations at the one extreme whilst there may be altruistic motivations at the other. Another focus might be on the way in which the agencies themselves are constituted; their nature, either as individuals or organizations may be significant for

understanding outcomes. Yet another focus might reflect the balance of power between agencies and the nature of conflict. These themes can be identified in many of the studies cited in the previous section. They are considered in the following sections as pointers towards understanding of how the different systems of housing supply determine outcomes. How is this to be done?

There is not, and cannot be, any empirical attempt to quantify, for example, the significance of 'motivation', or the extent of 'conflict'. The strongest theoretical framework, as suggested by Hooper (1992:46) may be evident in the neo-classical theories of perfect competition and monopoly. The idea that some agencies operate from a position of monopoly power, whilst the position of others is affected by competitive markets, is one which can be helpful in explaining particular outcomes. The theories, however, are based upon assumptions about market behaviour which do not necessarily apply in practice. Do agencies in a monopolistic situation necessarily restrict output in order to maximize marginal revenue, or is 'profit' not a motivation? Do agencies in perfectly competitive markets necessarily maximize production in response to the need to maximize revenue? These are questions which need to be considered alongside the classical economic assumptions. Hence, although theories of 'monopoly' and 'perfect competition' can be applied, they need to be applied judiciously.

There are many questions involved in the treatment of agency perspectives. It is important to establish what the objective of analysis is, and to prescribe the approach therefrom. In the final analysis, the objective will be to say something about the question of *balance* between agencies in the system of supply. In the conclusions, this is reflected in the idea 'co-operation', and the degree thereof between agencies. This may help to shed light on broader theories of research promoted through the idea of corporatism within housing systems (Barlow and Duncan, 1994:29).

The following sections, however, do not underestimate the problem of interpretation. It is accepted that the epistemological framework of the agency paradigm is broad. There must be some specific aim therein. In this, the main thesis pursued in the

section aims to conclude on the relationships between four main agencies in housing supply. These agencies are, as introduced in Section 3.1.1 (iii), 'central government', 'local government', 'private' and 'social' sector housing suppliers. They are considered for each country in the following sections.

4.5.3. The United Kingdom.

4.5.3. (i) Central government.

Central government is the first agency to be considered in the three countries. The nature of government policy was discussed in Chapter 3. In this section the focus is on central government as an agency in the system of housing supply.

At the outset the motivation for government involvement in housing supply in the United Kingdom may be argued to be no different to that in other countries. Government has intervened at various periods of time in order to meet the general level of housing demand and need. The need to support total levels of production, to expand owner-occupation (D.o.E, 1977; D.o.E, 1987) or to promote the private rented sector (D.o.E, 1987) are all policies which may not be considered particularly radical. The rhetoric however needs to be reconciled with outcomes. Figure 25 provides an overview of governments in Britain for the period 1970 to 1993.

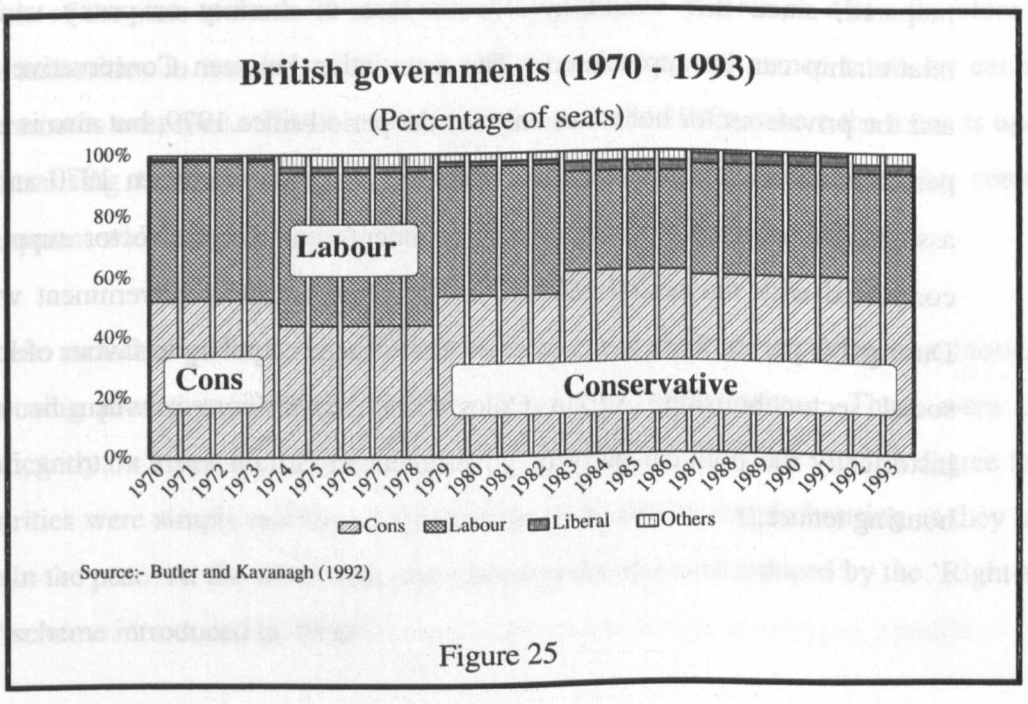


Figure 25

It shows the percentage of parliamentary seats held by the major political parties for each parliament. The figure provides information on British governments.

It is important to remark that central government, at any given time, reflects a single political party, rather than a coalition of interests. This is very different to the Netherlands and Germany, where a different system of voting occurs and where governments are reflected in coalitions (Section 4.5.4.(i)).

Governments in the United Kingdom are represented by individual political parties. This may be related to some extent by the electoral system which is termed 'first past the post' (Kavanagh, 1990:94). In this system the candidate with the most votes wins the constituency, whether or not he or she has a majority of votes (Kavanagh, 1990:94). But what impact might this have upon housing outcomes? To establish the relationship between governments and housing outcomes, it is perhaps helpful to consider again supply by different sectors (Figure 7). In reconciling the two diagrams some observations can be made.

Perhaps the most pertinent is the strong association between the political colour of government and the sector supplying housing. There has been no statistical relationship prepared, since this would involve the use of dummy or proxy variables. The relationship can be appreciated. The association between Conservative governments and the private sector holds not only for the period since 1979, but also is evident in the period of the Heath government , which was in power between 1970 and 1974. The association between Conservative governments and private sector suppliers is to be contrasted with the period 1974 to 1979, when a Labour government was in power. During this period there was a quite distinct change of policy in favour of local authority social sector housing. Adrian Coles (1991:12) is correct when he suggests that historically the political party of government in Britain exert a strong influence over housing tenure.

4.5.3. (ii) Local authorities.

The role played by local authorities, whether in the United Kingdom or elsewhere, is determined to a large extent by the their relations with central government. In the United Kingdom, however, this is probably more significant than elsewhere due to the importance of local authorities as social housing suppliers in the 1970s (Figure 7). The fact that central government saw for local authorities an entirely different enabling role in the following decade makes it difficult to view local authorities as an agency in housing supply with any degree of consistency.

The motivation for local authority involvement in housing production is difficult to divine. In the European context, their remit is quite broad. Both Fuerst (1973) and Emms (1990) have remarked on the special place given to local authorities in the United Kingdom as suppliers of housing. In both the Netherlands and Germany, local authorities have played a much more similar role to that played by authorities in the United Kingdom since the early 1980s, where housing associations and other quasi-government bodies and organizations have been used to produce social housing. Why local authorities were given a role in housing production which was so significant in the 1960s and 1970s, is probably attributable to historical factors. The decision to place the state at the forefront of the recovery needed in 1945 did little to bring about a re-think in the role of the state at the local level, in housing supply. The raison d'être therefore of local authorities in housing production can be linked to the stance taken by central governments over time. This is markedly the case in the 1980s, where the focus is upon a centralising trend and where a number of measures were introduced by central government which to some extent sidelined or marginalized local authorities.

Of these measures perhaps the most effective in reducing the power of local authorities in housing provision, were the Housing Investment Programmes. These were cut significantly on a year-by-year basis (Gibb and Munroe, 1991:75) to such a degree that authorities were simply not funded sufficiently to be able to supply housing as they has done in the past. At the same time, their housing revenue was reduced by the 'Right-to-Buy' scheme introduced in 1980.

Alongside these financial measures came a number of clear indications that central government wished to reduce the power of local authorities. In the White Paper 'Housing: The Government's Proposals', central government set out the 'enabling' role for authorities:

> 'In the past building by local authorities was seen as the main way of meeting housing needs.....However there will no longer be the same presumption that the local authority itself should take direct action to meet new or increasing demands. The future role of local authorities will essentially be a strategic one identifying housing needs and demands.....In order to fulfil this strategic role they will have to work closely with housing associations; private landlords; developers; and building societies and other providers of finance'.
>
> (D.o.E, 1987, Paragraph 5.1).

The enabling role which involves local authorities working with other providers of housing, raises certain questions. Malpass (1992:10) has described the 'enabling' role as a 'disabling' role, where local authorities are working towards the objectives of other housing suppliers, rather than their own. Or indeed they may be simply carrying out central government policy.

Local authorities were arguably viewed as political opponents of the government in the 1980s. Perhaps the best example of central government's determination to reduce their power lies in the abolition of the GLC, the Greater London Council in 1985. This serves as a symbolic example of the way in which central government has brought about a system of housing supply which arguably may not have to rely upon local authorities at all.

4.5.3. (iii) Private sector housing suppliers.

The private sector in the United Kingdom is seen to be an important agency in housing supply. The 'private sector' was defined in Section 1.6, as being the 'private sector' in accordance with the Department of the Environment's Housing and Construction statistics annual publication. Within this sector there are firms of large

and small scale. The 'private sector' does not present a homogenous source of supply, although it has certain characteristics which are typically associated with it. Much of the research interest is the 'volume' housing construction companies, who produce in a speculative manner (Section 3.2.6.).

Figure 18 (Section 3.2.6) showed the contribution to total housing production made by the major house building firms. This contingent of the 'private sector' may be linked to the 'big business' 'congeries' of Form's analysis (Section 4.5.1). The private development industry has been the subject of in-depth research by Ball (Ball 1983, 1988) in which he analyses why and how the industry operates as it does. A question which may relate to the private sector, and more particularly to the larger firms, is; 'do they in any way exploit their position to influence events?' It was argued in Section 3.2.6 that a key relationship in housing supply may be that between client and source of construction. In respect of the larger house builders, these two things may be dovetailed into one, where large firms both build housing speculatively, as well as retaining a labour force.

The economic theory underlying 'monopoly' suggests that output of a commodity may not be maximised since the average revenue curve of the 'monopoly firm' is the same as the demand curve of the industry (Hillebrandt, 1985:134). If the monopoly is a profit-maximising organisation, then the firm will not produce to its maximum output since to do so would mean reducing the marginal revenue on every unit of production. In short, it pays a firm in a monopoly position to restrict supply in order to maintain prices. But does this apply to private sector suppliers in the United Kingdom?

Private sector firms in the United Kingdom have profit-maximising motivation, it is argued. They certainly have no interest in the consumption or use of housing; only perhaps in so far as it means selling dwellings. Whether they do restrict housing production with a view to holding house prices at an artificially high level is a different issue. One factor which might suggest their ability to do this is quite limited, is that general levels of new housing production is quite low. The level of construction in the United Kingdom, at an average (1970-1993) of 3 dwellings per

1000 inhabitants (United Nations) is low by European standards. Although this may have little bearing on outcomes or price formation in the United Kingdom, it begs the question of whether the general demand for new housing is price 'elastic'? This is a question of whether prices would rise significantly, if production of new housing were to be withheld? Whether the larger house builders operate as a monopoly is highly debatable. To exercise monopoly power there would need to be a high degree of co-ordination and co-operation which probably could not be exercised across the many different regional property markets and differing firms. Where economies of scale may be brought to bear, however, is more likely to be in land markets.

It was suggested (Section 3.2.6 (ii) (a)) that housing development in the United Kingdom was not only about the construction of housing but also about making gains from land trading. Here it is perhaps easier to appreciate how the larger development companies may be able to influence housing supply. In using the word 'influence' either 'to the good', or 'for the worse' may be implied. Developers involved in the land market can be involved in land banking for their own purposes, or be involved in such a way as to be trading profitably through sales of land to other housing developers. Generally the larger the land bank of companies, the greater their influence over the market.

4.5.3. (iv) Social sector housing suppliers

Social housing in the United Kingdom is supplied mainly from two sources: local authorities and housing associations (Section 1.6). Section 4.5.3. (ii) discussed local authorities and showed that their role as suppliers in social housing has declined since the 1970s.

The supply of new social housing, has, since the late 1970s, been significantly from housing associations, although the amount of housing supplied may not be seen to be significant in the context of total housing production. The social housing which has been produced, however, is largely from associations. Their importance as agencies of social housing supply today stems from a number of issues. Increased activity in

housing supply seems to stem from the decline in local authority provision; the idea that housing associations have simply substituted local authorities. However, as can be appreciated (Figure 7), the volume of housing production by authorities in the 1970s is nowhere near substituted by the volume of construction by associations in the 1980s and 1990s.

This could be due to an decline in the need for social housing which is associated with particular issues to do with levels of income or unemployment. Alternatively it could be to do with the idea that crude housing shortages are now believed to be over. If the latter is the case, then the fall in social housing production becomes more easily justified. It was in 1977 that the broad housing shortages were seen to be over (D.o.E, 1977). From the late 1970s the housing stock was greater than the number of households. The alternative focus, which looks at the question of 'social need' is considered in the statistical investigation in Section 5.3.4. (iii).

The broader picture of housing supply may have had an impact on the promotion of housing associations at the expense of local authorities. It is possible that central government saw associations as being able to deal more positively with a housing need which was more focused than in the past. This may be because many associations have clearly stated objectives of dealing with a specific housing need in society. Their objectives could be directed for example at the elderly, ethnic minority households or young people. Indeed the history of the housing association movement in the United Kingdom received an impetus in the 1970s as a result of highlighting the plight of young people.

Housing associations, however, are not normally portrayed as an influential political agency within the system of supply. Output by associations has always been relatively low and has fluctuated in accordance with central government policy. There appear to be no specific political links with either of the main political parties: production levels have been highest under the Labour government of 1974 -1979 and during the present Conservative government. The relatively low levels of production mean that the housing stock is also relatively small, giving the movement a problem if it wishes to

expand. This can be contrasted with the Dutch housing association movement, which possesses large housing stocks and political influence.

4.5.3. (v) Relationship between agencies: a summary.

The nature of central government in the United Kingdom (Section 4.5.3 (v)) provides a key to understanding the balance of power between the different actors. It is very clear that a high correlation exists between the tenure of housing supplied and the political colour of the central government. The politicized nature of housing policy has implications for a number of other key relationships.

The most well noted of these, is that between central and local government. The changing role of local authorities in housing production from the 1970s to the 1980s coincides with changes in central government housing policy. There is, for example, little to suggest that the rhetoric of central government policy was not filtering through at the local level. The case for seeing local authorities in the United Kingdom as some sort of 'institution' is weak. Although most have survived the changes of the 1980s, they have emerged doing a very different task. The relationship between the centre and the local level has often been acrimonious.

The changing nature of government is also significant for housing associations. Housing associations as an agency of social housing supply, do not appear to have secured a firm footing within the total production picture. Production levels have been low and there appears to be little association between the political party in power and the volume of production. Their role, in the very broadest sense, appears to be at the whim of central government. Any beneficial relationships which exist between these suppliers, and local authorities, has to seen in the context of the declining role of local authorities and the marginalization of social housing as a whole.

The scope given by the state to the private house building industry in the United Kingdom is, on the other hand, relatively broad. It is 'broad' by comparison with other countries since it allows a 'private' sector interest influence in both land and

housing markets. In other European countries, most notably the Netherlands and Sweden, firms constructing housing are involved in the building process only. It can also be seen to be 'broad' in the comparative sense in that the private sector have for long periods, been allowed to guide the planning process to a significant extent; the so-called 'market-led' planning phase of the 1980s (Healey, 1992). Finally it could be argued to be 'broad' since the sector has been allowed to act in a largely speculative manner with only brief periods of state interference in the land market. It has been left to produce a large volume of housing with little guarantee to the state that this would actually happen.

This broad brief has both advantages and disadvantages. Indeed being a private housing developer in the United Kingdom has not always been advantageous. Activity since the early 1970s has been characterised by three periods (1974-6, 1980-3 and 1990-3) of slump, which followed three periods of 'boom'. The phenomenon of 'boom and slump' has tended to characterise private sector house building during this period. Indeed this has tended to become something of an institution itself. For the private sector, it has been very much a case of trying to ride the swings as well as the roundabouts. For the volume house builders it may be possible to achieve this, yet for many smaller firms housing market slumps have meant closure.

Despite these problems there have always been strong links between Conservative governments and high levels of production by the private sector. The case for political associations can be strengthened by further analysis. This would regress periods of booms and slumps with the political parties in power. Doing this would show that housing market trends do not necessarily follow one particular party. An example to demonstrate this point could be shown by considering the early 1980s, under a Conservative government, when the proportion of housing constructed in the private sector rose at a time of very low economic growth and slump in the housing market. Another way of supporting the argument would be to look at the late 1970s, where under the Labour government, the housing market was quite buoyant, yet the proportion of housing constructed in the private sector did increase significantly (Figure 7).

The emerging picture of agencies in housing supply in the United Kingdom is argued to be one in which there is some imbalance. The role of central government is significant both for determining activities in the private and social sector. Central government has also had an increasingly important role in relegating the position of local authorities. In these senses it may be seen as a 'top-down' system, where there has been little resistance to the shift from a mixed system of housing supply in the 1970s, to an essentially privatized system in the 1980s.

4.5.4. The Netherlands.

4.5.4. (i) Central government.

When considering central government as an agency in the system of housing supply in the Netherlands there are two particular issues which require explanation. The first is the system of voting. This is, as in Germany, but not the case in the United Kingdom, a system of proportional representation. This, in theory, leads to a representative reflection of the way Dutch society votes, but also leads to a situation in which there may be is no privity of relationship between voter and member of parliament (Gladdish, 1991:100). Again this is different to the United Kingdom.

This to some extent may explain the nature of Dutch government, in which coalitions are the norm (Figure 26). No political party has ever succeeded in winning an electoral, or even a parliamentary, majority (Anderweg and Irwin, 1993: 23). Figure 26 shows the percentage of votes gained by political parties in the Netherlands over time.

There are three main political parties: the CDA 'Christian Democrat', the PvdA, the 'Partei voor der Arbeid' (Labour) and the VVD 'Liberal' party. The way votes are cast however is not necessarily reflected in the nature of government. Coalitions are formed independently of the voting pattern (Gladdish, 1991:51).

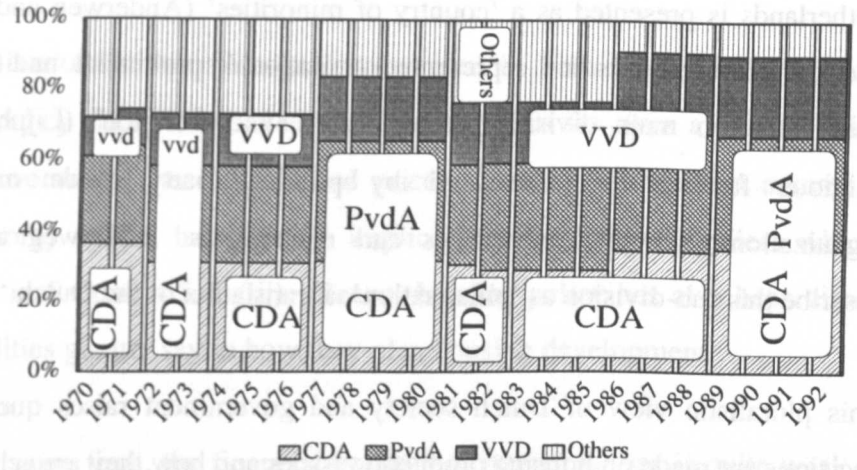


Figure 26

In Figure 26, the parties constituting government are represented within the boxes. The most common coalition has been between the Christian Democrats and the Liberals. This has had the effect of keeping the PvdA from power, despite the large number of votes it has often achieved at general elections.

The correlation between housing supply and the political colour of government is weak. That is to say, the political colour of governments do not reconcile in any consistent way with particular tenures or sectors of supply. The prime example which can be used to support the assertion, highlights the Christian Democratic (CDA) party. This party has been in every government over the entire period from 1970-1993 (Figure 26), during which housing policy and housing markets have changed significantly. The link between political parties and sectors of supply is also weak since coalitions of left and right (CDA and PvdA) have overseen very differing housing production outcomes; most notably in the late 1970s, where market sector production was collapsing (Figure 8) whilst in the latter, the late 1980s, where it was strongly promoted. In short, the nature of the government, or in the Dutch case, coalition, does not correlate strongly with the production outcomes; a contrasting situation to the United Kingdom.

Literature dealing with the nature of the political system and Dutch society details a second main issue surrounding the nature of policy and decision making. The Netherlands is presented as a 'country of minorities' (Anderweg and Irwin, 1993:23). The minority interests are represented at national, provincial and municipal levels. There are two main divisions, being 'class' and 'religion' (Lijphart, 1968). The religious factions are associated by political party, trade unions, employers organizations, schools, universities and newspapers; Anderweg and Irwin (1993) describe this sub-division as 'pillarisation', a translation of the Dutch '*Verzuiling*'.

This pluralistic view of Dutch society and government raises questions about how decisions are made on housing production issues and how they are achieved. What part, for example does religion play; does this lead to a more 'social' housing policy, or might it lead to less rational policies? And what effect do the many different interests have on decision-making? Does it aid or hinder the process?

4.5.4. (ii) Local authorities or Municipalities.

The principal focus on municipalities in the Netherlands is not as a housing supplier, but as an enabler. In this sense there are more similarities between Dutch municipalities and the new model of local authorities in the United Kingdom, than there would be with the traditional role of local authorities in the United Kingdom in the 1970s. Municipal housing production in the Netherlands has only accounted for around 5% of all housing production (Figure 8) since 1970. The enabling role extends to the implementation of central government housing and planning objectives, but is perhaps most evident in the role of municipalities in land supply.

The municipal enabling role brings both advantages and disadvantages. There is some degree of independence, yet typically central government has monitored housing supply through the many subsidy schemes applying to housing and land. Dutch municipalities, however, can be argued to enjoy a higher degree of independence than their counterparts in the United Kingdom. Local government is incorporated within the Dutch constitution, whereby the Netherlands is called a 'decentralized, unitary

state' (Needham et al, 1993:3). The emphasis is upon decentralized government. This is particularly the case since the mid 1980s.

Decentralization is the message incorporated in both land (MVROM, 1991b) and housing policy (MVROM, 1989) statements. This involves a gradual relaxation of central government steering of land prices, where municipalities assume increased self-autonomy. This has specific implications for house suppliers which will be discussed in Section 4.5.4. (iii). Recent housing policy has also been aimed to give municipalities greater say in how they plan housing development.

Yet at the same time, the financial position of municipalities is quite weak. In 1985, only 13% of municipal revenue came from local sources (property taxes and municipal property rents) (Needham et al, 1993:6), the rest being made up from central government grants. By the end of the 1980s, after which the process of decentralization might have been expected to be well underway, this percentage had not altered (B.M.Bau, 1993:76). This situation can be compared roughly with local authorities in the United Kingdom, where the statistic was 16% during the late 1980s.

The degree to which decentralization is occurring is hence questionable. Fluerke and De Vries, 1990:44) have suggested that 'decentralization' is 'symbolic' only. Also questionable is the broader historic relationship between the centre and the local level. Although, for example, municipalities are supported in constitutional law, their autonomy is only specified 'very loosely' (Needham et al, 1993:6), whilst they are also financially dependent upon central government for the major share of the funding programmes.

The broader relationships between agencies in the system of housing supply can be exemplified by looking at the enabling role of municipalities in land supply. Sections 3.2.2. and 3.2.4. focused on the some aspects of land supply, although there was no reflection on the motivation for municipal involvement, other than to suggest that land supply was a costly endeavour that may preclude private sector interests. The motivation for involvement is not wholly clear, however. Needham (1992: 684) has

identified a quotation from the Rotterdam municipality which suggests a somewhat altruistic stance in land supply:

> 'As regards the making of profits, a municipal real estate department may in my opinion be compared to a department of public utility, such as for instance the municipal water works, where the primary consideration is to supply a good quality of drinking water at a reasonable price and not to make profits' (Rotterdam municipality, 1959).
>
> (Needham, 1992:684)

Whether this quotation is broadly representative of reality, is debatable. The view of one private sector developer interviewed in this research was that municipalities are often motivated by profit (Rietdijk, 1993). This view is supported, where it is stated that many municipalities 'set disposal prices that more than cover the costs of land development' (Needham et al, 1993:81). Indeed, the addendum to the quotation of the Rotterdam municipality states that although the intention is not profit related, 'some profit at the end of the year may not be unwelcome'. Thus the municipal role should perhaps not be seen entirely in the 'enabling' vein. Municipalities are seen to be an agency, which although outwardly appearing to take a neutral stance in housing supply, may nevertheless have a significant effect within the system of supply.

4.5.4. (iii) Private sector housing suppliers.

'Private sector' housing suppliers in the Netherlands are represented by market sector builders (Section 1.6). This sector builds mainly owner-occupied housing (Figure 8). Whilst their contribution to housing supply is significant in terms of volume, their role in the system of supply is not seen to be as important as that played by the private sector in the United Kingdom. This is for a number of reasons. Perhaps the most important factor determining the significance of market builders is their position in the development process (Sections 3.2.4 to 3.2.6). This position is one which is reliant upon a number of other actors. For the greater part this reliance is on municipalities for the supply of land. Also, as Section 4.4.4 (iii) showed, the role given to the market sector is dependent upon the part played by social house builders, the housing

associations. The relationship between builders in this market sector and municipalities is therefore critical.

The need for co-operation between municipality and the market sector is heightened in the light of the trend towards decentralization since 1985. It is accepted by many builders in the market sector that the need for municipal involvement in land supply should continue (De Groot, 1995), in view of the high risks involved in land preparation and infrastructure provision. However, there is concern about how municipalities may exploit their new role. Another developer, interviewed as a result of this research, suggested that the changes would be detrimental to the market sector (Rietdijk, 1993), a consequence of an expansion of the existing links between municipalities and housing associations.

The significance of builders in the Market sector is lessened also by the issues of land and speculation. Their ability to speculate in land has traditionally been restricted by the role of the municipality. Where builders in this sector do take the initiative by purchasing agricultural land and then by subsequently selling it back to the municipality with planning permission, there are a number of potentially damaging consequences in practice. One likely outcome will be that the builder concerned will be 'ostracised' in the future by the municipality (Rietdijk, 1993). That is to say, the municipality will exclude the developer from future development schemes. The developer then, who is 'out to make a quick buck' will 'soon be out of favour' (Priemus, 1993).

Whether this will continue to be the case in the future is debatable. It is evident that, as a result of the new Physical Planning Report, the 'VINEX', developers are playing a more active role in the land market (B&G, 1995). As they become more significant as a group of landholders, it is possible that municipalities will have to enter into partnerships or even support private sector land exploitation schemes (Spaans et al, 1996).

4.5.4. (iv) Social sector housing suppliers.

Social housing is supplied primarily by housing associations in the Netherlands (Section 1.6). There is also some municipal housing production (Figure 8) within the definition. However, over the period with which this research is concerned, over 90% of production in the social sector is supplied by housing associations. The influence of housing associations in the sphere of housing production is considerable by comparison with the United Kingdom. In contrast to their counterparts, they have supplied up to 50% of total production in some years, whilst their contribution has never been less than 30% (Figure 8). Housing associations have a long history in the Netherlands and represent initiatives from a broad cross-section of society:

> 'Es sind .....der Initiative der Gewerkschaften, der Kirchen, der Sozialanstalten, der Arbeitgeber und der Bürger in Laufe der letzen 90 Jahre gegründet wurden'.
>
> (B.M.Bau 1993b:9)
>
> ('They are.....founded over the last 90 years on the initiative of trade unions, the church, the social institutions, employers and individual citizens.')

These groups are also believed to be represented to some extent within political life in the Netherlands. A key relationship in this respect is that between municipality and housing association. Traditionally housing associations have been 'monitored primarily by the local authority in which they operate' (Boelhouwer and Van der Heijden, 1992:53). The perceptions of housing need projected by these groups to municipalities becomes a key issue. How associations influence the municipalities on an individual basis can only be ascertained by case studies. What can be suggested here is that the sheer volume of aggregate production reflects the hypothesis that their influence is considerable. Not only this, but that central government have seen fit to allow associations to become the primary source of social housing production since the Second World War.

In the past the role of housing associations has been eased by central and municipal government. Since the mid 1980s, however, policy developments suggest a less cosy

relationship between these three agencies in the future. This is for two main reasons which are to some extent interlinked. The first is the greater emphasis on unsubsidized production; new housing developments since 1990 are supposed to include only 30% subsidised housing. The second lies in the financial provisions supporting this policy. These have been introduced in two main stages. The first stage, introduced in 1990 was linked to the theme of decentralization, where:

> 'the most important difference between the new and the old financial schemes lies in the way in which central government controls housing quality, construction costs and the level of rents. In the past every individual project required the specific approval of central government.....under the new scheme the guidance of central government is global and indirect in nature.'
>
> (Fleurke and De Vries, 1990:32)

This change suggests mainly that housing associations become more dependent upon municipalities for the way in which housing is developed. Municipalities are however constrained by central government objectives of achieving 70% unsubsidized housing in every new development.

The social sector came under greatest threat in 1995. Since April of that year, all object subsidies for the production of social housing are to be withdrawn under the BWS 'Dwelling-linked subsidies order'. This is in line with the emphasis in the Housing Memorandum (MVROM, 1989) on a greater role for the market and on a reduction in public spending. The comments on this issue are quite alarmist. Priemus (1995) has described the events under the title: 'How to abolish social housing? The Dutch case'. Other reports go under the heading: 'Dutch have the courage to go it alone' (Inside Housing, 1995).

However the need for alarm is not so great as might be expected. Rather in keeping with the history of social housing supply, there are three main cushions upon which housing associations can fall. The first is a very large lump-sum subsidy which they have received from central government in consideration of the future subsidies which they would have received on an annual basis, were the old system to have continued.

Under a process known as 'grossing and balancing' (Priemus, 1995:150), central government and the housing associations have come to a compromise designed to suit both sides; associations will receive money 'now' and government absolves itself of annual subsidies in the future.

Second, there is the issue of associations' financial reserves. These have been allowed to accumulate financial surpluses since the 1960s (NWR, 1995:5). This means that future construction can be funded from these resources in a way that perhaps their United Kingdom counterparts might envy. Thirdly, it will be possible, within their new 'entrepreneurial' role (Inside Housing, 1995) for housing associations to both sell existing stock to ownership households and also to construct new dwellings for 'private' rent in order to generate revenue.

The picture which emerges is perhaps therefore not as bleak as might be expected. In contrast with other countries where social housing producers are being sidelined, Dutch housing associations appear to be surviving the upheavals. Boelhouwer and Priemus (1990) have suggested that what is actually happening is:

> 'that the state's pretensions are scaled down, more scope offered for decentralised policy and for individual policy of the social landlord and other participants in the market". There is "a continuation of the Dutch tradition in which central government continues to bear major responsibility for housing'
>
> (Boelhower and Priemus, 1990:118)

4.5.4. (v) Relationship between agencies: a summary.

When considering the main relationships between agencies, a number of points should be raised. The first considers the way in which central government relates to the other agencies; municipalities and housing suppliers in the private and social sectors.

Central government is argued to be the dominant force in the system of supply. Unlike in the United Kingdom, where the private sector is given broad scope in land and housing supply, central government are concerned more directly with the

interaction between municipalities, market and social sector suppliers. Moves to decentralize government to the local level since 1985 are seen with a degree of scepticism and central government is regarded as being still very much in the driving seat. Central government has traditionally regarded the role of municipalities as being an enabling one in the fields of land supply, physical planning and housing policy. Neither in the past, nor in the future should they become a direct source of major housing supply.

Although however, central government is such a significant actor in the fields of land, housing and planning, it is itself conditioned by the way it is constituted. That is to say, the electoral system which determines the nature of government, a process of proportional representation and subsequent coalition, appears to have a crucial impact upon the nature of policy and decision making. Perhaps the most important point to emphasize is that the political colour of government seems to have little effect upon certain outcomes; whether there is an emphasis upon the social or the market sector is not dependent upon a 'right' or 'left' wing government, a situation quite in contrast to the experience of the United Kingdom.

This comparison is worth extending in the context of the relationship between market and social sector suppliers. Here the balance of power is seen to be reversed. Whereas in the United Kingdom, it is the private sector which are the more powerful political lobby, in the Netherlands it is the housing associations. This is most evident in the attempts to relegate the social sector at the expense of a greater role for private housing and the market since the mid 1980s. Evidence suggests (NWR, 1995, Boelhouwer and Priemus, 1990) that there is sufficient support to provide the sector with a strong future. The attempts to promote the market sector, on the other hand, meet up with a number of problems. These relate to the reluctance of municipalities to give way to the idea of private sector land supply, to speculation or to a greater role for the market sector in the development process as a whole.

The relationships between the different agencies in the Netherlands are conditioned by a number of balances or stabilizers. Central government is itself governed by the need

to find consensus. The relationship between central government and municipalities is also balanced between the acceptance that local government should play a role in land supply and physical planning, whilst central government should determine the way this is done. The role played by social and market sector suppliers is also balanced by virtue of the fact that both rely upon the municipality for land supply.

4.5.5. Germany.

4.5.5. (i) Central government.

As in the Netherlands, coalitions have featured in an important way in German governments. The key to the formation of governments has been the Liberal party (FDP). In the 1970s the FDP was allied with the political 'left', the SDP, the Social Democratic Party (Figure 27).

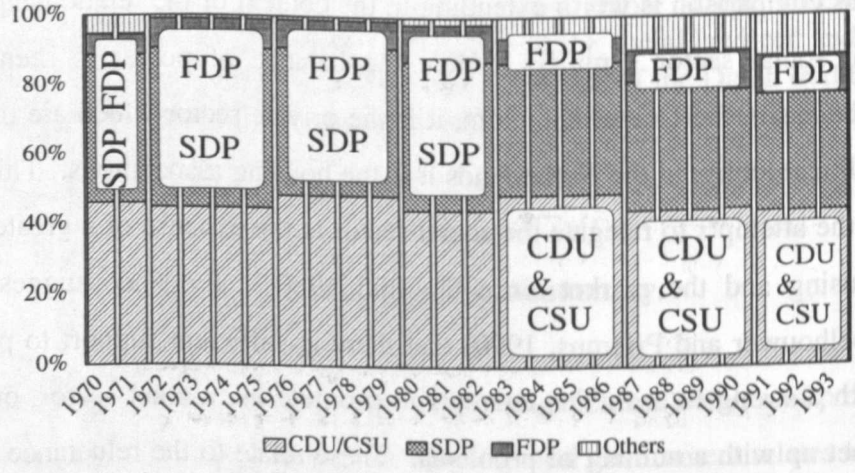


Figure 27

The decision of the FDP to switch allegiance and to ally with the CDU/CSU prior to the 1983 election has been a key issue in German politics. The CDU/CSU is itself a

coalition of the Christian Democrat Union party and the Christian Socialist Union party. The former is a 'German' party (Lösche, 1993:122), recognized throughout the country, whilst the CSU are represented mainly in the southern states of Bayern and Baden-Württemburg. The CSU represent a 'particular form of conservatism' (Lösche, 1993:122).

The changing nature of German governments is shown in Figure 27. As in the Netherlands a system of proportional representation prevails. Policy change, however, is not enacted speedily. Hallett writes:

> 'Most major acts since the early 1950s have been initiated under one government and yet passed under a government of a different political composition'
>
> (Hallett, 1990:81)

As with the other two countries, and to discuss the significance of central government as an agency in the system of housing supply, the relationship between changes in government and housing outcomes should be considered.

One or two points relating to the production of various sectors help to derive some conclusions. Production by private households, at least when considered in terms of the proportion of all production (Figure 9) neither increases nor decreases significantly with the change of political power between the 1970s and 1990s; neither centre-left coalitions of the 1970s, nor centre-right coalitions of the 1980s and 1990s appear to influence the volume of output by private households significantly. Social housing, as represented in supply through the Gemeinnützige Wohnungsunternehmen (Figure 9) does decline as the political spectrum moves from 'left' (SDP/FDP coalition) in the 1970s to 'right' (CDU/CSU/FDP coalition) in the 1980s and 1990s. However, this relationship holds only until the late 1980s, whereafter social housing levels have been increased in response to re-unification.

The motivation for central government involvement in housing has been to promote flexibility within housing supply yet at the same time maintain housing production at

the required levels. Power (1993: 160) has described housing policy in Germany as an 'all hands to the wheel' policy. Jaedicke and Wollman (1990:143) seem to support this assertion when they say that the emphasis on 'volume' has tended to overlook the 'distributional effects'.

4.5.5. (ii) Local authorities or municipalities.

The focus upon the municipality as an agency in the system of housing supply is intended to be a focus on an agency at the local level. In the United Kingdom and the Netherlands the 'local level' is reflected in the role of local authorities in the United Kingdom, and municipalities (Gemeenten) in the Netherlands. In Germany, however, the 'local level' is also reflected by the 'Kreis', which can be loosely equated with 'counties' in the United Kingdom (BMBau, 1993:84). Mainly municipalities fall under the direction of a 'Kreis', 'Kreisangehörige Gemeinden', although sometimes larger towns undertake all municipal responsibilities; a situation in which a 'county tier' does not apply: the so called 'Kreisfreie Städte' ('county-free towns) (Dieterich et al, 1993).

The most important principle of local government is that of 'Kommunale Selbstverwaltung' (Saldern, von, 1993:2; Dieterich et al, 1993:3). This means that each municipality has its a right to be 'self-governing'. Municipalities each have their own elected council, and they are protected by law in the German constitution (Dieterich et al, 1993:3). In many respects they are the 'most important' level as far as the land and property market are concerned'; this is exemplified well in their responsibility for the Bebauungsplan (Dieterich et al, 1993:3).

This is the overview. But how significant are municipalities, both in relation to other agencies in the German system and in the comparative context? Saldern (1993), who focuses on the historical position of the Gemeinden identifies two main issues. The first traces a weakening of the role of municipalities during periods of political change in the 1920s and 1930s, where a centralist tendency predominated under the regimes

of the Weimar Republic and the Third Reich. The second issue relates to the process of political change following the Second World War:

> 'Durch die Demokratisierung staatlicher Entscheidungsprozesse im 20 Yahrhundert wurde die Bedeutung der kommunalen Selbstverwaltung zwar night aufgehoben, sondern erheblich abgeschwächt'.
>
> (Saldern, von, 1993:15)
>
> ('As a result of the democratization of the decision-making process of the state in the 20th Century, the meaning of local self-government has not become increased, rather significantly weakened').

This has particular significance in relation to the establishment of the Federal Republic in 1946, which was seen to have resulted in making municipalities more accountable to the Länder (regional) and Bund (central government) tiers of government (Saldern, von, 1993:16).

The conclusion to be drawn then should emphasize the way in which municipalities are used to achieve the goals of central and regional government, rather than emphasize the rather narrow viewpoint that municipalities are wholly self-governing (Ibid:16). If this viewpoint is accurate then the role of municipalities has become an enabling one, as in the Netherlands, and as is increasingly the case in the United Kingdom. Indeed, never have municipalities been a significant supplier of housing. Annual production has normally been between 1% and 2% of total production. The enabling role does not apply to land supply, as in the Dutch case, but does of course extend to physical planning and housing functions.

The ability of the German Gemeinden to achieve housing objectives is enhanced by a comparatively low subsidy requirement from central government and the Länder. Research indicates that during the late 1980s German municipalities were on average drawing 56% of their income from their own sources (property taxes and other property revenue) (B.M.Bau, 1993:76). This can be compared with 13.4% in the Netherlands and 16% in the United Kingdom over the same period (Ibid:76) Although therefore German commentators suggest a weakening of local autonomy

over time, in a comparative light German local government is still relatively autonomous. This autonomy, however, has a price. As part of their enabling role, municipalities are expected to contribute to the national social housing programmes (Förderungswege). The lion's share of this funding comes from the Länder (around 70%) and central government (around 20%) (Kirchner and Sautter, 1993:518), whilst municipalities are expected to find the 'Spitzenfinanzierungsbedarf' ('top-up funding requirement'). The way this is used can enable particular projects to be achieved; either in specific locations or for a particular housing need (Ibid:515).

Municipal policy needs to be considered in the light of its relationship with central government and Länder. The particular federal nature of the German state is special within the context of the comparison. Indeed there are several measures of housing 'outcome' which suggest that a 'regional' perspective is valid. If the housing stock is considered in different Länder it can be shown that there is a broad 'north-south' divide in terms of owner-occupation levels, where regions like Bayern (52.1% ownership) and Baden-Württemburg (33% ownership) differ from regions like Schleswig-Holstein (21% ownership) and Niedersachsen (22% ownership) (BDZ, 1993). And there are other measures which could focus upon levels of social house building and which would show interesting differences between the house building policy of the Länder. For example (BDZ, 1993) levels of building in the rented sector differ greatly. Within the 'Stadt - staaten', for example, which are the 'City states' of Hamburg, Bremen and Berlin, rented house building per 1000 inhabitants in 1992 was 1.9, 0.3 and 2.85 respectively.

4.5.5. (iii) Private sector housing suppliers.

'Private households' are considered to represent the private sector in Germany (Section 1.6.2) although it should be said they are not the only 'private' source. Also included could be the number of developers who operate as 'Freie Unternehmen', producing private rented housing. Alternatively included could be a number of other organizations ('Sonstige Unternehmen') (Figure 9) who produce in the social sector but also using a significant amount of funding from the capital market. Some of the

complexities can be appreciated from the discussion of the linkages in housing supply in Germany, discussed in Section 4.4.5 (iii).

Supply through private households is the most significant of all sectors. This sector have contributed to around 40% of all production since 1970 (Figure 9). Their influence in land and housing markets can be limited by a number of factors, however. Perhaps the most significant limiting factor is the individual nature of supply. Households are not firms. It is unlikely that they are able to play a pro-active role in the land market since they purchase land on a plot-by-plot basis. They may not individually enjoy therefore the benefit of lower land costs which may result from volume land acquisitions. A consequence of being a small player may also be that households lack knowledge of the way the land market operates; in effect households lack information which might otherwise be available to large firms with expertise in the field.

This research showed that the main consideration for private households was indeed related to land (Gee, 1994). In particular its cost, which can be inordinately expensive, especially in southern Germany. Linked to the cost of land is the question of finance for self-promotion. This can be a long process (Gee, 1994) which requires would-be owners to deposit significant sums of money before a loan is granted. In addition households may have to contend with the infrastructure issues (Section 3.2.5), which can require re-sizing of plots or other public sector procedures. The concern is therefore with the organization and management of the construction process as well as with concerns about land and housing market. The achievement of this is something which the household considers with pride, and is epitomized in the saying "Schaffe, schaffe, Häusler bauer!", (Gee, 1994) which may be regarded as an exhortation to the equivalent of an 'American dream' or 'Englishman's castle'.

4.5.5. (iv) Social sector housing suppliers.

Social housing in Germany is supplied by a number of different sources, under the various methods of government promotion schemes (Figure 9). In Chapter 5, the

Gemeinnützige Wohnungsunternehmen are taken to be the most comparable sector to housing associations and local authorities in the United Kingdom and the Netherlands. It should be noted, however, that social housing is defined by the method of financing, rather than by reference to the source of supply. 'Social housing', generally speaking is a function of any house builder who utilizes the public sector funding programmes. The most significant are the two Förderungswege, which have been introduced since the Second World War. No housing supplier is barred from utilizing these pots of money, provided that the criteria is fulfilled for which the subsidy is made available. Social housing can be produced by housing associations, private households, or other housing organizations.

Social housing suppliers incorporate a range of differing motivations. Housing can be supplied for owner-occupation, which is production mainly by private households. Or social housing can be housing supplied on a non-profit basis, which is production mainly by Gemeinnützige Unternehmen. Or social housing can even be housing produced for profit, which is often production by Freie Unternehmen. Of these social housing suppliers, only the Gemeinnützige Unternehmen are registered institutions for the production of non-profit housing. The Gemeinütziges Wohnungsunternehmen, can be translated as 'housing association for the common weal' (Hallett, 1977:62). The associations can be seen, however, more in terms as 'enterprises' a term which reflects the nature of the 'professionally employed' people who work in them (Ibid:62).

The Gemeinnützige Unternehmen have been the most significant force in housing production in the social sector since the Second World War (Figure 9). Their contribution to housing production has however declined since the early 1970s (Figure 9). This issue, combined with the fact that social housing production as a whole is produced by such a broad, and arguably ill defined spectrum of suppliers, makes it difficult to regard social housing suppliers as a particularly strong agency in the wider system of supply. There has arguably only been one instance of an attempt to institutionalize the production of social housing in Germany in the post-war period. This was a result of the activities of a company known as Neue Heimat. A short

overview is necessary since the example demonstrates some of the problems associated with the very flexible method of funding social housing in Germany.

Neue Heimat evolved in the post-war period from a non-profit housing organization in Hamburg (Werner, 1974:70). Its contribution to social housing production was significant. It was in fact the 'largest non-profit housing organization in all of Western Europe' (Power, 1993:132):

> 'in all, housing benefiting from public funds (which is called 'Social housing') constitutes about 227,000 units annually, or 40% of the total housing production in Germany. Neue Heimat provides about one sixth'.
>
> (Werner, 1974, in Ed:Fuerst:78).

Neue Heimat produced large quantities of housing during the 1960s and 1970s. Much of this was on large peripheral estates (Power 1993:). The motive for production and involvement in housing seemed to be twofold. To:

> 'rais(e) the standards of home living', and by doing so to 'ensure that it remains in socially acceptable limits and thus operates in the public interest.
>
> (Vietor: Präsident of Neue Heimat 1965, (Hallett, 1977:69)

This was all to be done within the trade union's goals of making some profit, yet at the same time holding 'prices low' (Hallett, 1977:69). Neue Heimat, although it used public funding, was instrumental in 'pioneering the use of private funds from the capital market' (Hallett 1977:65). This factor complements the statement of Boelhouwer and Van der Heijden (1992:113) that German social housing by 1970 was 'largely privatised'.

The role of Neue Heimat in housing supply was arguably no different to that of local authorities in the United Kingdom in the 1960s and 1970s. It aimed to supply large quantities of housing to the benefit of both themselves and housing consumers. In addition, however, the Neue Heimat organisation also became involved in land dealing, in the setting up of offshore construction companies and in other financial

deals. Exactly what was involved is well documented by Power (1993:132-142), although that account confesses that the complexities of the issue are very difficult to deal with. What resulted was a scandal and ended in several imprisonments for corruption. The organisation was bankrupted in the mid 1980s.

The 'Neue Heimat' saga was unfortunate. It is perhaps an unkind example to highlight. It does not represent 'social housing provision' in Germany today or probably for most of the previous decade. It probably could not happen again due to the enormity of the organisation and the level of corruption. Yet it is interesting to reflect that the organisation was underwritten at the time within the Länder structure (Hallett 1977:65) and was also allowed to flourished within the context of trade union officials who were company share holders. Power (1993) does not dismiss the Neue Heimat saga lightly however, linking it to the broader German housing system:

> 'The very advantages of the German system, its public-private structure, its many channels of development and its flexibility, provided scope for possibly the most extraordinary social housing scandal of the post-war era'.
>
> (Power, 1993:132)

4.5.5. (v) Relationship between agencies: a summary.

Central government as an agency in Germany is very significant for all three other main agents in the system of supply. Its relationship with municipalities, the Länder and housing suppliers in the private and social sector is a close one and which is critical for all sides. Yet, as in the Netherlands, the political colour of central government appears to provide little bias either towards the private or social sector. Central government, as in the Dutch case, finds consensus through coalitions, although also manages to avoid the problems of 'minorities' through the introduction of a special rule. This states that political parties must achieve 5% of the total vote before being eligible to have an representation in parliament (Lösche, 1993:113).

The relationship between central government and local government is determined by the historical tradition in Germany which tends towards a decentralized political

system. Municipalities are given strong enabling powers, and in addition have considerable potential for self - determination which is ensured by their ability to raise local taxes. German municipalities rely less upon the higher levels of central government for financial support, although in many aspects their responsibilities are correspondingly greater; the need to fund education is one example. Generally the relationship between the two highest and lowest tiers of government appears stable, when compared to the radically centralising trend in the United Kingdom or the trend towards decentralisation in the Netherlands since the mid 1980s.

The relationship between central government and housing suppliers in Germany is a very particular one in the comparative context. It is entirely different to that in the United Kingdom, in which governments have traditionally restricted strongly the supply of social housing to housing associations and formerly local authorities, whilst leaving ownership housing to be produced at the whim of private developers. It is also somewhat different to the Dutch, where the model for social housing is more akin to that in the United Kingdom, but where Market builders are reliant on the state for land supply.

In Germany, central government seems has gone some way towards clouding the issue of privity between house supplier and the tenure of housing resulting. This is in some ways beneficial. It leads to a system which is not inherently frictional, where one faction of production is trying to increase its share at the expense of the other. The agency perspective should reflect an opportunist system, where individual sectors are encouraged to supply housing under the conditions stipulated by the state. The state for its part has not wished to become overly active in production, but has been prepared to co-operate and support the process. Local government, for its part, has played an enabling role. Central government has pump-primed housing supply, whilst encouraging housing suppliers to use their initiative and enterprise to meet the perceived demand. The goals set by central government, however, appear to be rather a pragmatic response to housing problems rather than any ideological crusade. This particular stance of government, however, can lead to abuse of the system, a factor evident in the history of the Neue Heimat organization.

4.6 Systems of housing supply: structure, agency and structuration.

4.6.1. Research context.

The term 'structuration' is often associated with the work of Anthony Giddens. The place of 'structuration' is shown to lie between 'system' and 'structure' (Giddens, 1982:35; Giddens, 1979:66). Within this framework Giddens defines 'structure' as 'recursively organized rules and resources', The 'system', he defines as 'reproduced relations between actors or collectivities' and 'structuration' as 'conditions governing the continuity or transformation of structures, and therefore the reproduction of systems' (Giddens, 1982:35).

How 'structuration' is interpreted, however, is a matter for much debate. Dallmayr, 1982:21) has suggested that the chief contribution of Giddens in this respect is to draw a correlation between 'agency' and 'structure' foci. This is not a deterministic interpretation of the way in which agencies or institutions follow from economic conditions or the class structure, which is arguably a Marxist thesis, but an assumption that there will be 'features of the superstructure which escape economic determination and exert an independence of their own' (Atkinson, 1982:62). The focus on structuration is then seen to be a focus upon the conditions in which functionalist perspectives develop: a sort of 'structuring of structure' interpretation (Ibid:21), where agencies may react independently to their economic circumstances.

'Structuration' is viewed in this research focus as a middle ground (Figure 21). It is useful in that it goes beyond functionalist approaches; event-sequence and agency. However, it is a problem, in that is difficult to operationalize or empirically question (Figure 21). The focus lies between 'system' and 'environment', as described in Section 3.1.2. It is stressed that such an interpretation lies *beyond* the 'system' as it is conceptualized in Figure 21 and was described in Chapter 3 and Sections 4.4 and 4.5.

4.6.2. Thesis of the model.

Relating the thesis of 'structuration' to the analysis of systems of housing supply is difficult, since as a 'thesis' 'structuration' is rather amorphous. The idea, however, that an intermediate stage of analysis can be introduced, which fixes agencies and events (the 'system') within a broader context is an attractive one, particularly where this 'broader context' is not fundamental, and when the context can be expressed or measured in some meaningful way. In research directed towards the built environment, Healey and Barrett's article on 'structure' and 'agency' is a good starting point. Their locus standi is re-stated, from Section 4.3:

> 'the analytical task is to link the institutional analysis of the development process with the dynamics of the economy as reflected in resource flows, and with political organization and cultural values as reflected in rules and ideas'
>
> (Healey and Barrett, 1992:93)

The combination of agency and structure, from which 'structuration' can be divined, it is suggested, lies in the 'link' between the 'institutional' analysis ('agency' and 'events') on the one hand, and on the other hand, the 'dynamics of the economy'. The latter, the economy, was quite specifically excluded from the analysis of the system in Chapter 3. It was regarded (Section 3.1.2) as part of the broader environment. Yet the way the economy is regulated provides a context for the analysis of the functioning of the system. It is therefore useful to explore this avenue. Healey and Barrett provide only a passing reference to 'structuration'. Indeed, it is often overlooked elsewhere, probably due to the complexities of the concept. Yet it appears forcefully, albeit implicitly, from time to time. Crouch, (1993:93) who when examining business institutions in Germany states that:

> 'There is a paradox about the German (also the Austrian, Dutch and Swiss) economies: they combine exceptionally strong forms of corporatist co-ordination and co-operation among firms with a virtually neo-classical rigidity of central banking institutions'
>
> (Crouch, 1993:93)

Whether a 'paradox' exists, depends upon normative expectations. What the quotation does, however, is to provide a focus upon the links between agency or institutions on the one hand and the economic stance on the other. Particularly useful are the examples of Germany and the Netherlands. The investigation in Sections 4.5.4 and 4.5.5 revealed a degree of co-operation between agencies in housing supply which to some extent underlines the 'corporatist' theme of Crouch (Ibid), and indeed Barlow and Duncan (1994:29). Co-operation' and 'co-ordination' are however not economic stances or 'dynamics of the economy'. Somewhere between these things lies a question which could broadly be described as 'structural', or may fit with the ideas raised by Giddens in his work on 'structuration'.

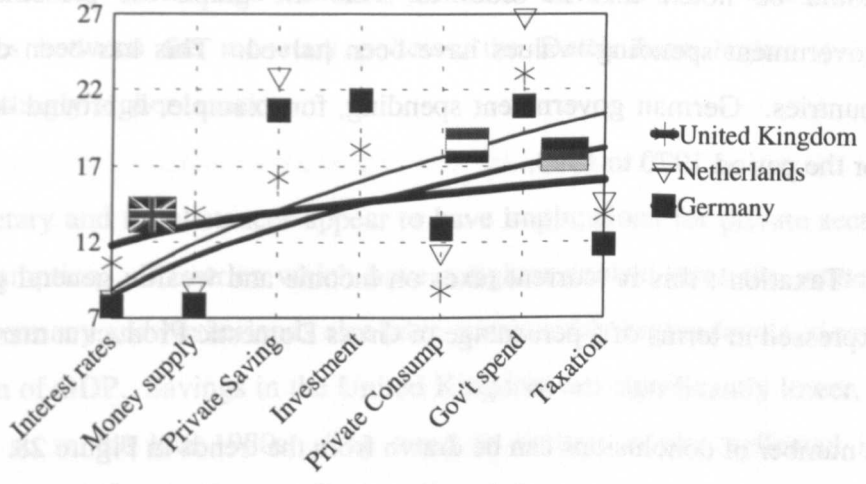
The task then, of the following section is to look at the economy. Ideally this exercize would be linked in a methodology with 'agency' perspectives, were the 'structuration' model to be wholly exploited. This is resisted, however, on the grounds of clarity of argument and analysis. The juxtaposition of agency and economic environment is considered in the conclusions, however. The approach taken towards the economic environment is described as an analysis of 'macro-economic stances'. The word 'stance' is used, as opposed to 'policy' since macro-economic data is aggregated over a twenty three year period. The data sets then represent a broader picture which does not become confused by policy fluctuations and allows for the broader comparative framework to be established.

4.6.3. Macro-economic stance in the United Kingdom, the Netherlands and Germany.

Figure 28 provides an overview of seven measures of the macro-economy in the three countries. All data is sourced from the European Commission and each variable is represented as an average for the period 1970-1993.

The macro-economies of the United Kingdom, the Netherlands and Germany

(Average values 1970 - 1993)



Source:- European Economy, European Commission.

Figure 28.

It is first important to establish precisely what is represented in Figure 28:

1. 'Interest rates': these are the 'nominal long-term interest rates'. These are based on the long term bond rate.

2. 'Money supply': this is the money supply measure M2 or M3. The data provides a measure of the annual percentage change in the money supply.

3. 'Private saving': this is 'gross private saving' expressed as a percentage of Gross Domestic Product at market prices.

4. 'Investment': this is the 'gross fixed capital formation at current prices'. It relates to the total economy and is expressed in terms of a percentage of Gross Domestic Product at market prices.

5. 'Private consumption': this is 'private consumption at current prices per head of population expressed in Ecu.

6. 'Government spending': this is 'total expenditure; general government'. It is expressed in terms of a percentage of Gross Domestic Product at market prices. It should be noted that in order to scale the graph for presentational purposes, 'government spending' values have been halved. This has been done for all three countries. German government spending, for example, is around 40% and not 20% for the period 1970 to 1993.

7. 'Taxation': this is 'current taxes on income and wealth; general government'. It is expressed in terms of a percentage of Gross Domestic Product at market prices.

A number of conclusions can be drawn from the trends in Figure 28.

First, that the overview shows greater similarity in macro-economic stance between the Netherlands and Germany than between either of these two countries and the United Kingdom. The trend lines shown in Figure 28 represent regression lines of 'best fit', or 'least squares' between the variables, 'interest rates', 'money supply' etc. The trend lines are plotted in such a way as to minimize the variance between all macro-economic variables. The trend lines for the Netherlands and Germany can be shown to be positioned similarly (Figure 28).

This is particularly the case in the sphere of monetary policy, represented by the variables 'interest rates' and 'money supply'. A policy of keeping the money supply tight is associated with low nominal interest rates. This is in contrast to the United Kingdom, where over the entire period, nominal interest rates have been significantly higher, and the money supply has increased on average by 14% annually (Figure 28).

The monetary stance taken by German governments since the war has led commentators to suggest that the German economy has been distinctly 'anti-Keynesian' (Gruchy, 1977:146, Crouch, 1993:92), resisting government intervention to boost demand in the short run and maintaining a strong hold over inflation. Indeed (Figure 28) government spending in Germany as a proportion of GDP is on average, the lowest of the three countries. This contrasts strongly with the Netherlands which

has on average government spending at over 50% of GDP. It is towards the right hand side of the scale (Figure 28) where taxation and government spending are plotted, that the Dutch and German positions differ most. Whereas there are similarities between the monetary policies, the Dutch have higher spending and correspondingly higher taxation.

The monetary and fiscal stances appear to have implications for private sector saving and consumption. Countries which have a tighter control over the money supply, namely Germany and Netherlands also have considerably higher levels of savings as a proportion of GDP. Savings in the United Kingdom are significantly lower, and were markedly so in the late 1980s. The trend in savings is also reflected in private consumption, where again the United Kingdom, this is the lowest as a percentage of GDP. And 'investment' shows the United Kingdom to be at the lowest level of the three countries.

4.6.4. Summary.

Broadly the economic stance taken in the Netherlands and Germany is similar. This can be distinguished from the United Kingdom, where a less strict monetary policy has been pursued. The one variable which is the exception to the rule is government spending which in the Netherlands is significantly higher than in Germany as a proportion of GDP.

The implications of these different macro-economic stances needs to be borne in mind when thinking about the housing outcomes examined in Chapter 5. How do the agencies of supply, particularly house builders, react within these differing environments? What are the implications of having a tight, or loose monetary policy for private and social sector builders and developers? What particular conditions aid or hinder housing production?

4.7. Systems of housing supply: equilibrium and structures of housing provision interpretation.

4.7.1. Research context.

An examination of 'equilibrium' and structures of housing provision' (SHP) models is an examination of 'structure' in its very broadest and most profound forms (Figure 21). As with structuration, perspectives which adopt an equilibrium or SHP approach take the analysis beyond the limits of the 'system' as it was originally conceptualized in Chapter 3 and Section 4.4 and 4.5.

The 'SHP' approach is a focus which has evolved in housing research and which is attributable mainly to the work of Ball and Harloe (1988, 1993), but also to the work of Ambrose (1986, 1992:173), who has promoted a theory of 'chains of housing provision'. The main focus is upon the modes of 'production' 'consumption', and 'finance' , through which housing is provided and the emphasis is upon the social aspects of agencies in the housing system. The thesis of the SHP approach seems to be to make explicit all factors which might contribute to understanding of housing issues and outcomes.

The concept of equilibrium is founded from neo-classical economics. There, it is applied in the context of markets, and supply and demand. Healey (1992) has attempted to apply it in the context of the 'development process', where the operation of land and property markets are portrayed as a sort of self-reconciling process and where there is a focus upon assumed goals of enough housing, 'in the right place' 'at the right time' and at the 'right price' (Healey, 1992:222). These 'golden rules' are implicit in the system, which accounts for the interaction of all agencies and all structural relations. The system works in such a way as to achieve these goals, but does not explicate how this is done.

A question which may arise is why these two models are grouped together in this section? There are several justifications. The first is that they are argued to represent

an entirely transcendental form of structure. They are both seen to assume fundamental and organic deep structure, in that values, rules and objectives of systems are assumed, as well as functional concepts of structure, represented in institutional, agency and event-sequence analysis. The second main justification is that neither model lends itself to empirical research methodology. This is why the models are placed at the left hand side of the diagram in Figure 21 (Section 4.3). The third main justification lies in the assumption that *were it to be possible* to operationalise both models, the one would lead to the same conclusions about the relationship between systems and outcomes as the other. This would be the case since they both 'do' the same thing, albeit in a different way; the SHP providing an *explicit* model for all necessary determining factors, whilst the Equilibrium model provides all necessary determining factors in an *implicit* way.

The connection between the two models, however, is overlooked by Healey (1992), who classifies the two approaches separately. This occurs, it seems, as a result of a conceptual entanglement between political connotations and theoretical perspective: 'structure' approaches are seen to be in some way 'Marxist', a function of their emphasis on historical issues, and because of this they are deemed to be classified separately to 'equilibrium' models, which are neo-classical by origin. Ball and Harloe (1992) make the connection, however, when they argue for a conceptual link between the SHP theory and the 'invisible hand' of the market (Ibid:4).

4.7.2. Utility of the models.

These two approaches are arguably so broad that they may be of little help in addressing the hypothesis of the research. Ball and Harloe (1988) have strenuously attempted to refute the idea that the SHP approach is in some way a 'model' which can be used to 'explain' events (Ball and Harloe, 1992:4). To some extent one must agree; the SHP approach, which can be seen as a sort of amalgam of all structural relations, is too broad to operationalize or to be used in any scientific way. However, the SHP approach cannot be divorced from its message; the exercize of making

comments about the specifics and particularities of systems inherently leads to the possibility that we might be able to understand outcomes better.

This is also the case with the equilibrium approach. Although both concepts are very broad, they nevertheless serve a purpose in that they provide a safety net, or 'long stop' against which questions about the structure might be posed. In this research, which has investigated structure from mainly functional perspectives, these broader approaches are helpful. This is because these simpler models of structure may fail to account for deep structure; the values and objectives implicit in systems. In the final analysis, it is helpful to be able to relate to other research, which has focused on broader and deeper structure, even though these interpretations may not be empirically useful. If at the end of the research there is similarity between the structure of systems in different countries (expressed in event-sequence, agency and structuration interpretations), yet outcomes are *still* different, then by virtue of having identified these broader concepts, a further question can be asked. This is to what extent are the *objectives* of the system different? The equilibrium approach relies very much on fundamental assumptions about what the system is trying to do. The difficulty of knowing this in the comparative context is discussed by Ambrose (1992:171). If assumptions of the system do not appear well founded in the comparison of results, then simply by having an approach which alerts to the importance of objectives and goals is helpful.

Chapter 5: Housing production outcomes.

5.1. Introduction.

Chapter 5 is in two sections. Section 5.2 provides statistical data and information, which is then analysed in Section 5.3. Some introductory comment is necessary at this stage, however. This comment links Chapter 5 with the preceding chapters and with the conclusions to the research which are made in Chapter 6.

The main function of this chapter is to look at 'outcomes'. The outcomes to be measured were introduced in Section 2.7.1. It was shown in Section 2.7.1 how outcomes are based on 'rational assumptions' of systems of housing supply. This chapter provides in Section 5.3, rationales for these assumptions. In the methodology of the research (Figure 2), Chapter 5 provides a basis for addressing the first part of the hypothesis. It does this by establishing how similar (or different) outcomes are.

Chapter 5 may also be significant to the conclusions of the research in that it provides an exposition of outcomes against which different forms of structure may be measured, a consideration implicit in the second part of the hypothesis. The relationship between outcomes and structure is summarized in Chapter 6. Structure has been shown in its various forms. The interpretations considered combined concepts of 'system', 'structure' and 'environment'. Outcomes considered in this chapter should be set within the context of the structure discussion in that they are rational models or expectations of systems of supply. This point should be re-considered in the conclusions, having investigated outcomes.

Conclusions are ultimately reached as a result of Section 5.3. That section, however, depends upon Section 5.2, which deals with definitional issues and problems of comparison. The task of Section 5.2 is to establish both a comparative methodological framework and to provide a synthesis of data sets. This is achieved very much by virtue of a discussion concerned with questions of definition and measurement. Section 5.2 introduces the variables which form the basis of the

statistical investigation. These 'variables' are described as 'dependent' and 'independent'. Those which are 'dependent' are:

- 'Total' housing production
- Production of housing in the 'private sector'
- Production of housing in the 'social sector'

Those which are 'independent' are:-

- 'Net increase in household formation'
- 'Decrease in the housing stock'
- 'Size of the housing stock and the total number of households'
- 'House prices'
- 'Land prices'
- 'Building costs'
- 'Unemployment rates'
- 'Rates of GDP'.

Together they form the basis of information required for Section 5.3. The specific relationships between 'dependent' and 'independent' is variables are shown (Fig 29):

Figure 29

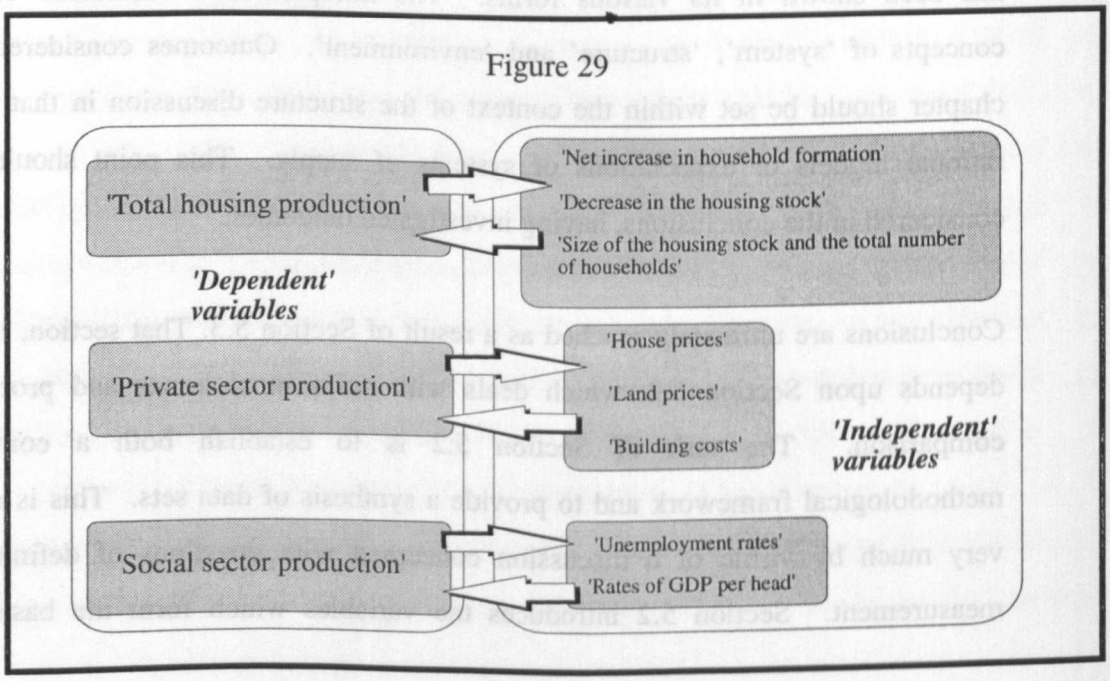


Figure 29 provides an overview for the investigations which are carried out in Section 5.3. The variables selected are manifold. They rely upon varied sources of data. It is perhaps helpful at the outset therefore to elaborate a little on what Section 5.2 does attempt to do, and what it does not. First, what it *does* attempt to do.

There are four main areas which it is felt necessary to tackle. These fall within questions of 'sourcing', 'calculation', consistency' and 'comparability'. Dealing with these areas can be both technically and philosophically challenging.

The sourcing of data sets at the national level relies to a large extent upon information collated by government ministries and statistical offices. Usually government publications provide data sets, although sometimes data has been obtained from individuals working at the ministries and statistical bureaux. Where this and other sources are used, these are referenced throughout. It is sometimes necessary however to convert or transpose data: the need to 'calculate' therefore is sometimes evident where data is presented in the form of 'indices'. Where this is done, although infrequently here, this is also explained. The issue of 'consistency' of data sets is also relevant. This is not in the sense that there may be 'gaps', as these data sets are to be avoided as much as possible, but more in the sense that there is consistency between 'dependent' and 'independent' variables. That is to say, for example, that data for 'private sector' suppliers who operate in the 'market' are reconciled with land prices in the 'market' sector. As another example, where 'owner-occupied detached' housing, is supplied, building costs reflect this type of housing.

'Consistency' may be viewed in a 'longitudinal' sense, where there is an emphasis on trying to ensure a meaningful comparison *within* countries. 'Consistency', however, should also be sought in a 'latitudinal' sense; that is to say, *across borders* or *between* countries, where for example 'private' and 'social' housing suppliers are as comparable as possible. In this way, systems and their structures become analysed against a situation of all other things equal.

Section 5.2 undertakes steps which deal with questions of sourcing, calculation, consistency' and comparability. A significant part of Section 5.2 is devoted to the question of defining 'private' and 'social' sectors in the three countries (Section 5.2.2). This is very much a philosophical exercise which requires a re-consideration of previous attempts to provide a comparative framework for analysis. The situation in the United Kingdom, the Netherlands and Germany is considered in the context of these frameworks.

What this section does *not* attempt to do is to provide a rationale for the choice of the variables. That step is undertaken in Section 5.3. That section does not have a remit of challenging the existing data which ensues from government ministries and so on. This would seem to be a research thesis in itself. As a result of this decision, the conclusions of the research rests mainly upon the existing and perhaps what might be seen as conventional data sources.

Section 5.3, in addition to providing a rationale for the choice of variables, also provides a context for the investigation of the relationships outlined in Chapter 2, as shown in Figure 29). This is both a research 'context' as well as an explanation of the inherent assumptions of the relationships investigated. One important issue considered in Section 5.3 is the way in which supply by individual sectors is measured. It is argued that this can be either in terms of absolute numbers, or in terms of the percentage, or proportion of total housing production (Section 5.3.3 (ii)).

5.2. Dependent and independent variables.

5.2.1. Dependent variable 1: Total housing production.

The first variable which requires explanation and definition in Section 5.3 is 'total' housing production. Fortunately there is little difficulty in quantifying what this is. This is the total number of housing completions per annum for each of the countries. It amounts to the addition of completions by all sectors. In so far that the statistics are accurate, the data will be accurate. Total completions, as well as production by sector

is provided in Tables 7,8 and 9. How the data is sourced is now explained by reference to each of the tables.

5.2.1. (i) Total housing production in the United Kingdom.

Table 7: Housing production in the United Kingdom (1970-1993)

	Local Auth'ty	Housing Assoc'tn	New Towns	Gov't Depart's	Private Sector	Total
	(a)	(b)	(c)	(d)	(e)	(f)
1970	163790	8511	13136	2447	174342	362226
1971	141512	10703	13382	2565	196313	364475
1972	110559	7780	9872	1970	200755	330936
1973	93816	8981	8788	1972	191080	304637
1974	108691	9968	12236	3420	145177	279492
1975	134768	14748	15758	2134	154528	321936
1976	135720	15770	16104	1946	155299	324839
1977	127320	25127	15930	1811	143905	314093
1978	101877	22779	10463	1318	142166	278603
1979	79009	18066	9746	1210	144055	252086
1980	79504	21422	8470	616	131974	241986
1981	57726	19479	10324	517	118579	206625
1982	36058	13532	3902	349	129022	182863
1983	36877	16777	2044	297	153038	209033
1984	35287	17308	2130	230	165606	220561
1985	29348	13734	985	119	163470	207656
1986	24128	13068	943	346	177647	216132
1987	20573	13117	542	738	191187	226157
1988	20714	13479	420	322	206996	241931
1989	18160	14598	467	696	187504	221425
1990	16908	17221	720	226	165197	200272
1991	10598	20500	550	77	156859	188584
1992	5134	25652	276	286	145877	177225
1993	2750	34409	176	42	142152	179527

Sourcing of data for housing production in the United Kingdom by columns is as follows:

'a:' completions by local authorities ('Lcl Ath' in Figure 30).

'b': completions by housing associations ('Hsg Assn' in Figure 30).

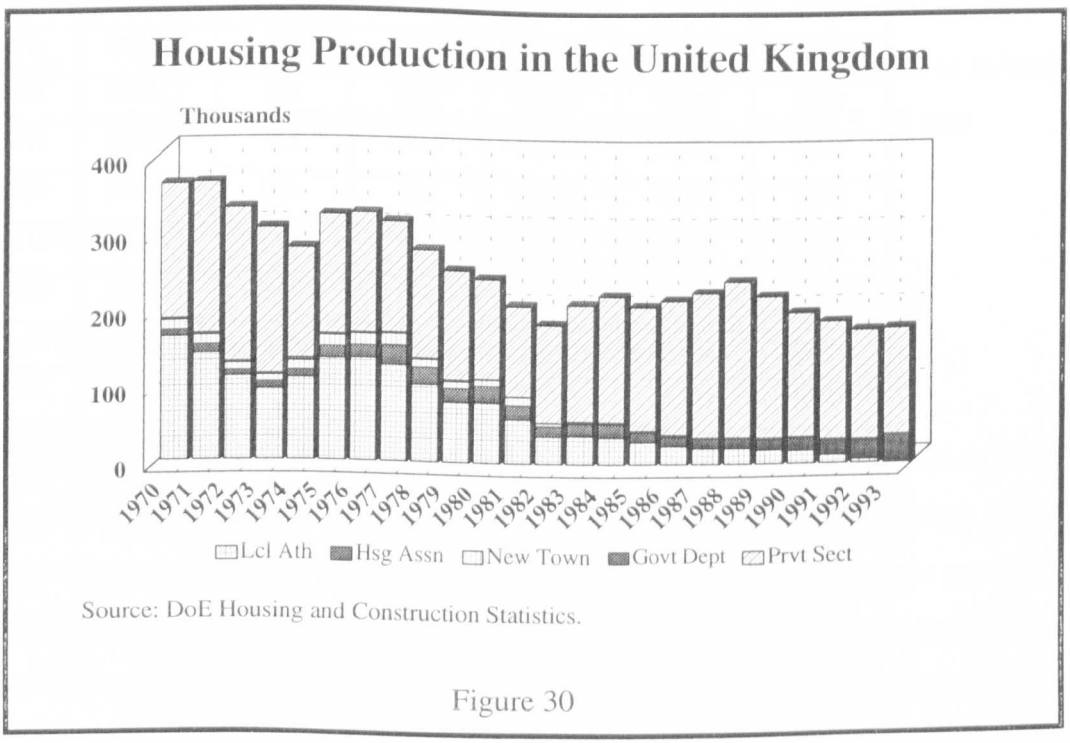
'c': completions by new towns ('New Town' in Figure 30).

'd': completions by government departments ('Govt Dept' in Figure 30).

'e': completions by the private sector ('Pvrt Sect' in Figure 30).

All data is sourced directly from the Department of Environment's Housing and Construction Statistics.

Production of housing in the United Kingdom is shown in graph form in Figure 30. It should be noted that Figure 30 is the same as Figure 7. It is repeated at this stage, for ease of reference.



Source: DoE Housing and Construction Statistics.

Figure 30

5.2.1. (ii) Total housing production in the Netherlands.

Table 8: Housing production in the Netherlands (1970-1993)

	State	Housing Assoc'tn	Market Builders			Total
			Private rented	Ownership		
				Subsidized	Unsubsidized	
	(a)	(b)	(c)	(d)	(e)	(f)
1970	19136	36993	28942	25698	17295	128064
1971	12214	54135	35328	30917	20235	152829
1972	9886	62494	43904	30325	24588	171197
1973	9042	63505	39818	30946	28883	172194
1974	6205	54608	33747	29896	34274	158730
1975	5188	40683	24231	31013	25400	126515
1976	3327	36213	17984	32080	20329	109933
1977	2856	35682	15856	33362	26514	114270
1978	2850	29339	12842	34233	29520	108784
1979	2578	23822	8148	27812	27966	115607
1980	5319	38154	11087	36049	27739	118348
1981	7340	54536	15812	30124	16844	124656
1982	8056	66256	23620	26020	8081	132033
1983	6419	48793	22368	30230	5918	113728
1984	6269	47463	20904	35116	7479	117231
1985	4658	35074	20210	40493	2832	103267
1986	3112	36969	18892	39624	9044	107641
1987	4866	35783	15861	39857	18512	114879
1988	3959	39500	11319	42250	24680	121708
1989	3786	34813	9741	36685	28831	113856
1990	2870	28952	8949	28632	31315	100718
1991	2733	21575	4732	24033	29815	82888
1992	1752	23312	5542	20976	34582	86164
1993	983	25726	5000	22782	32500	86991

The sourcing of data for housing production in the Netherlands by columns is as follows:

'a': completions by the state ('State' in Figure 31).

'b': completions by housing associations ('Hsg Assn' in Figure 31)

'c': completions by market builders in the private rented sector ('Mkt Build/Priv Rent' in Figure 31).

'd': completions by market builders in the subsidised ownership sector ('Mkt Build O/O Sub' in Figure 31).

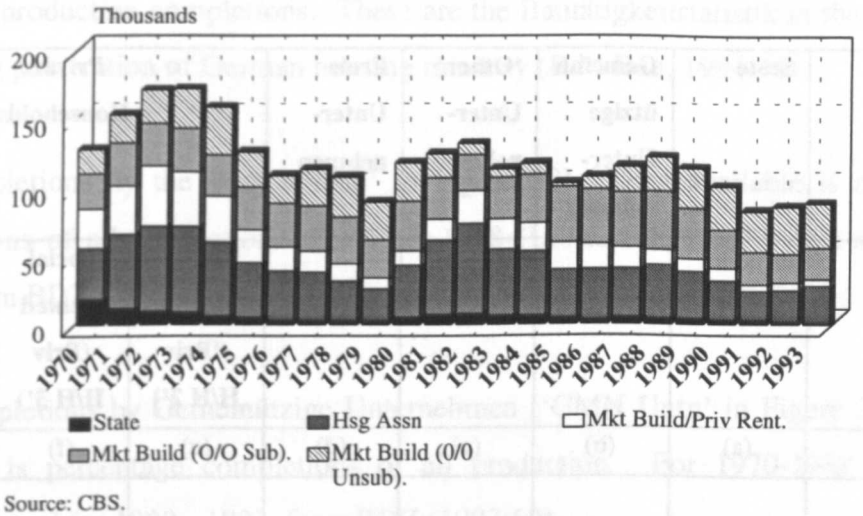
'e': completions by market builders in the unsubsidized ownership sector. ('Mkt Build O/O Unsub' in Figure 31).

All data is sourced directly from the Central Bureau of Statistics publication Maandstatistiek Bouwnijverheid (CBS).

N.B. Production of unsubsidized housing for ownership by market builders for the years 1984 to 1987 has been calculated by deducting production figures for 'Sector C' housing (with 'one off grants'), which relates in the private rented, as well as the owner-occupied sector (Boulhouwer and Van der Heijden, 1992). Data on ownership housing for these years does not directly distinguish between housing with 'one-off' grant status and unsubsidized production.

Production of housing in the Netherlands is shown in graph form in Figure 31. It should be noted that Figure 31 is the same as Figure 8. It is repeated at this stage, for ease of reference.

Housing Production in the Netherlands



Source: CBS.

Figure31

5.2.1. (iii) Total housing production in Germany.

Table 9: Housing production in Germany (1970-1993).

	State	Gemeinnützige Unternehmen	'Other' Unternehmen	Freie Unternehmen	Private Households			Total
					'Social' Owner ('Priv H/H 2')	Social Rented (Priv H/H 3')	'Neither' ('Priv H/H 1')	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1970	9560	90820	33460	57360	67469	21631	197700	478000
1971	11100	99900	44400	72150	99333	23517	204600	555000
1972	13220	125590	59490	85930	83629	20111	273030	661000
1973	14280	129019	64760	107100	67412	12598	318830	714000
1974	18120	102680	42280	96640	83722	14198	246360	604000
1975	13110	65560	26210	61180	74721	13059	183160	437000
1976	15680	50960	23520	43120	71690	11390	175640	392000
1977	8180	53170	28630	53170	58704	7966	199180	409000
1978	3680	36800	22080	51520	70065	10935	172920	368000
1979	3580	32200	21500	50120	60386	9374	180840	358000
1980	1536	38900	27250	66130	54475	9545	191164	389000
1981	1095	36876	19334	76650	47895	10695	172455	365000
1982	1380	38170	17358	71482	41800	13200	163610	347000
1983	2387	35464	17050	73315	51137	11263	150384	341000
1984	1990	39800	19502	95520	41600	8000	191588	398000
1985	2184	28080	15600	74880	38474	6376	146406	312000
1986	1764	22680	10080	55440	33779	3661	124596	252000
1987	1519	18128	6510	50995	27769	2161	109918	217000
1988	1045	15675	8360	52459	25373	2317	103771	209000
1989	1195	16730	8365	62140	34320	6630	109620	239000
1990	2048	21248	8192	66560	41023	11757	105172	256000
1991	3938	29295	10080	80797	41022	11178	138690	315000
1992	4950	41245	13500	103800	39454	11876	160175	375000
1993	4320	51840	15120	114480	54883	15917	175440	432000

Sourcing of data for German housing production by columns is as follows:

'h': total production completions. These are the Bautätigkeitstatistik in the Haus und Wohnung publication of German housing ministry (B.M.Bau, 1994:44).

'a': completions by the state ('State' in Figure 32). Data available is percentage completions of all production. For 1970-1988 (Ulbrich, 1991:279) and for 1989 - 1993, from BDZ (1993).

'b':- completions by Gemeinützige Unternehmen ('GMN Untn' in Figure 32). Data available is percentage completions of all production. For 1970-1988 (Ulbrich, 1991:279) and for 1989 - 1993, from BDZ (1993:62).

'c': completions by 'Other' Unternehmen (Other Untn' in Figure 32). Data available is percentage completions of all production. For 1970-1988 (Ulbrich, 1991:279) and for 1989 - 1993, from BDZ (1993:62).

'd': completions by Freie Unternehmen ('Freie Untn' in Figure 32). Data available is percentage completions of all production. For 1970-1988 (Ulbrich, 1991:279) and for 1989 - 1993, from BDZ (1993).

(For 'a' to 'd', all data on housing completions are calculated by using the percentages, based upon total levels of housing production in 'h').

'e': completions by Private households in the 'social owner-occupation sector'. This achieved by taking the following steps:

1. Calculating the total number of completions by private households in the social sector. This is achieved by taking data for total 'social housing production' (B.M.Bau, 1994:66) and multiplying this by the percentages of completions by private households in the whole of the social sector (Ibid).

2. Taking data from column 'f', below ('completions in the social rented sector by private households'). This is then subtracted from total production by private households in the social sector to give the number of completions by private households in the social ownership sector. Completions are shown in Figure 32 ('Priv H/H 2').

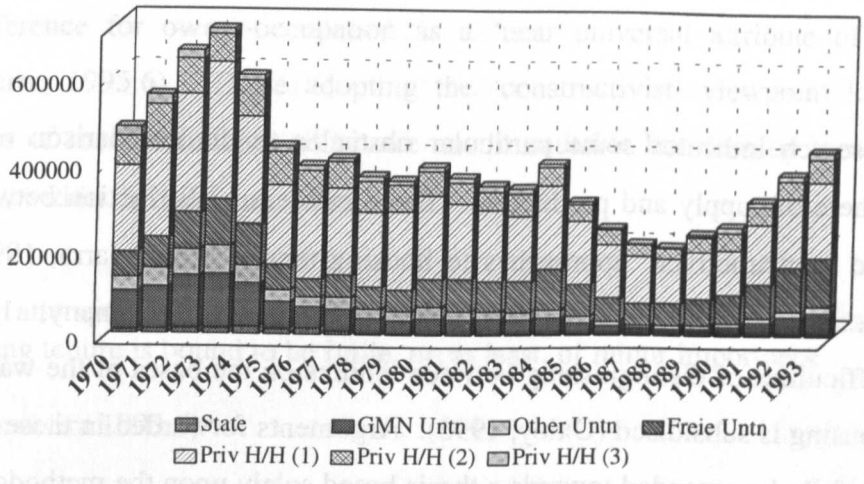
'f': completions by Private households in the 'social rented' sector. This is achieved by taking the following steps:

1. Calculating the total completions in the 'social rented sector' (B.M.Bau, 1994:66) and multiplying this data by the percentage of all social sector production produced for rent (Ibid:65). This provides completions of rented housing in the social sector.

2. Using data (Ulbrich:285) for the 'percentage of completions in the social rented sector by private households'. This then provides data for completions by *private households in the social rented* sector. These completions are shown in column 'f', (Table 9) and in Figure 32 ('Priv H/H/ 3').

'g':- completions by private households which can neither be said to be 'social rented', nor 'social' ownership'. This data set is achieved first by taking the total housing completions in Germany (column 'h', Table 9) and multiplying this by the percentage of total completions by private households (Ulbrich, 1991:62). To achieve the data set in column 'g' of Table 9, it is necessary to deduct from total production by private households, the addition of columns 'e' and 'f'. Doing this results in housing supply of private households which can be said to be neither 'social', nor 'rented'. This form of supply is shown in column 'g'(Table 9) and in Figure 32 ('Priv H/H (1).

Production of housing in Germany is shown in graph form in Figure 32. It should be noted that Figure 32 is the same as Figure 9. It is repeated at this stage, for ease of reference.



Source: Statistisches Bundesamt, BMBau, Jenkis.

Figure 32

5.2.2. Dependent variables 2 and 3: Housing production in the 'private' and the 'social' sector.

5.2.2. (i) Comparative issues.

The detailing of housing production in the three countries, provided in Figures 30, 31 and 32 shows most evidently that housing production does not occur in an easily comparable form. The inadequacy of official statistics to cope with this problem means that to 'define' a particular sector for comparison requires further explanation. The definition of 'private' and 'social' sector sectors can be understood from the way in which the data has been compiled in Figures 30, 31 and 32, as well as from the foregoing discussion.

This is by no means easily done. It requires first being able to overcome the way in which data is presented, which is a technical exercise based upon the evidence presented by housing ministries and statistical bureaux; and second to keep an open mind about the nature of housing supply and the housing object that results. This

latter exercise is arguably more philosophically challenging and one, which requires us to ask about who suppliers are, how they produce housing and what the end result is.

Research indicates some particular obstacles to the comparison of housing in the sphere of supply and production. These relate to a distinction between 'essentialist' and 'constructivist' approaches to housing tenure (Ruonavarra, 1993:6-9), to a pre-occupation with the 'anglo-saxon' tenure model (Kemeny, 1994:14), and to difficulties of distinguishing between tenures on the bases of the way in which rented housing is subsidised (Oxley, 1995). Arguments forwarded in these discussions could usefully be extended towards a thesis based solely upon the methodological problems. This would be interesting but might not be able to tell us anything about the potential relationships of systems of supply and their outcomes. There is a need therefore to drive forward research, but within the context of the wider debate. To do this some of the main tenets of argument of previous research are summarised.

Investigations which attempt to use 'tenure', rather than 'sector' production as an 'outcome' may run into problems in the comparative context. Kemeny (1994) makes a distinction between 'anglo-saxon' countries in which a 'feudal' approach to understanding tenure prevails, and those in which alternative forms of 'tenure' evaluation are promoted. Duncan and Barlow (1988) also allude to the problems associated with tenure. The pre-occupation with an 'anglo-saxon' approach to understanding housing issues is criticised in what appears to be an appeal for researchers to look at problems from 'outside-in', rather than 'inside-out'. Problems of making comparisons could be hampered by the expectation that data will be readily available on 'owner-occupation', 'private renting' and 'social renting'. This is not always the case.

Ruonavarra (1993) provides housing researchers with a more comfortable position from which to analyse housing. From the 'messy real world of housing tenure' (Rounavarra 1993:4) he shows how comparative problems can be shifted under the umbrella of 'essentialist' and 'constructivist' paradigms. Those adopting the

'essentialist' approach might regard tenures as 'fixed entities with certain advantages and disadvantages from the point of view of the consumer', where in particular there is a preference for owner-occupation as a 'near universal attribute of mankind' (Ruonavarra, 1995:6). Those adopting the 'constructivist' viewpoint look to the 'structures of social relations' which are not 'immutable but develop through time'. Generally, within the 'constructivist' view:

> 'Any attempt to formulate a general, cross-nationally valid typology of housing tenure is bound to be futile, or, at least, of minor importance'.
>
> (Ruonavarra 1993:6)

Problems of comparing tenure are also frustrated by the issue of subsidies. Often subsidies are significant in defining tenure. This is the case in Germany, where single subsidy channels can make possible social ownership, social renting and in some cases private renting (Section 5.2.1. (iii)). In the other two countries there is greater privity between the source of subsidy and the supplier of housing. In both the United Kingdom and the Netherlands 'social' housing can be argued to be more a function of the nature of the agencies supplying housing rather than being defined by the mode of subsidy. The potential complexities involved in attempting to make distinctions between tenures within the broader debate about subsidies and financial measures is analysed by Oxley (1995). He suggests that key to revolve around issues of 'production', 'distribution', 'pricing', 'financing', 'subsidy' and 'profit'. Whilst some of these questions are pertinent to a discussion of the *housing stock*, issues such as the 'pricing of rents', 'public or private expenditure', 'nature of subsidy' and 'extent of profit' are also very significant for *new* housing production.

Formal definitions of 'social' housing are given by Emms (1990) and Harloe (1988). Emms suggests 'social' housing to be:

> 'Housing whose construction and in consequence rents are subsidised from public funds' (Emms 1990).

Harloe (1988) suggests that 'social housing' can be differentiated from other forms of housing in three major respects:-

1. It is provided by landlords at a price which is not principally determined by considerations of profit.

2. It is administratively allocated according to some concept of need.

3. Political decision making has an important influence on the quantity, quality and terms of provision.

(Harloe, 1988).

It is however difficult to limit 'social housing' to expectations of 'non-profit' making, a characteristic of social housing promoted by Harloe. Likewise the concept of 'need' is a quite broad one. In so far as the definition of Emms is concerned, it would be possible to argue that owner-occupation in Britain is in essence a form of 'social' housing, on the basis that its consumption is subsidised from public funds albeit that these are in the form of tax reliefs.

Given the points raised in previous research it would be easy to become diverted into a definitional morass. This would not further research. Duncan and Barlow, 1988:226) have encouraged housing researchers to develop 'more adequate concepts' where problems of tenure occur. In the following section (5.2.2 (ii)), the issue of tenure is considered in relation to the focus on housing supply.

5.2.2. (ii) Basis of a comparative framework.

To build a comparative framework for the 'private', or the 'social' sector it first necessary to first show suppliers of new housing are linked with modes of financial support and with the tenure of housing produced. These three variables are seen to provide the basis for a comparison of any sector or tenure.

Figure 33 shows the links between housing suppliers, financial support and tenure in the United Kingdom. Figure 33 (and indeed Figures 34 and 35, which look at the

other two countries), represent an attempt to provide a comparative analytical framework as well as to consolidate some of the findings and discussion of the previous two chapters. The relationship between the three factors is relatively less complex in the United Kingdom. The channels between private sector supply and social sector supply are clearly delineated and there is privity between the source of supply and the tenure of housing produced.

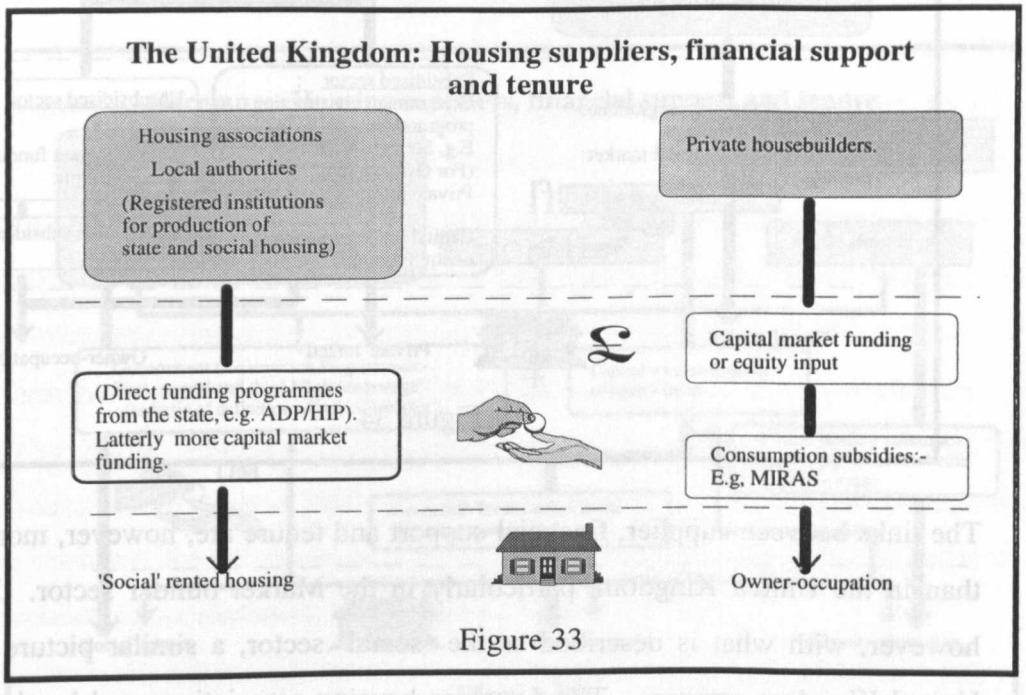


Figure 33

Much of the potential for confusion in the United Kingdom is eradicated by lack of new private rented sector supply. Housing associations and local authorities produce what is described as 'social rented' housing (Section 1.6 (b) and 4.5.3 (iv)), although local authorities now to a lesser extent. Social rented housing has traditionally been produced with a significant amount of public funding through such channels as Housing Investment Programmes (HIP) or Approved Development Programmes (ADP), although funding since the 1988 Housing Act has relied much more upon the capital market. The private sector, as has been suggested in earlier sections (1.6 (b) and 4.5.3. (iii)) consists of housing suppliers, often in the form of large firms and development companies who operate in a speculative way. They build housing for owner-occupation, largely in the absence of construction or 'object' subsidies.

Figure 34 details the same relationships of supplier, financial support and tenure in the Netherlands.

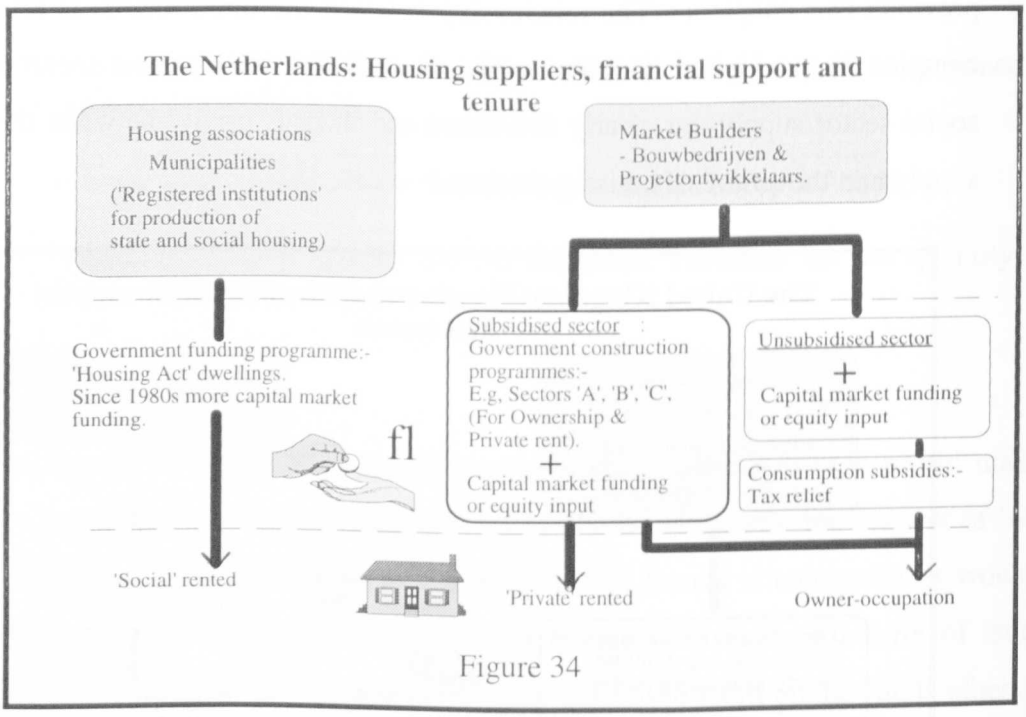


Figure 34

The links between supplier, financial support and tenure are, however, more complex than in the United Kingdom, particularly in the Market builder sector. Beginning, however, with what is described as the 'social' sector, a similar picture as for the United Kingdom emerges. This involves housing associations and local authorities; registered institutions who have relied to a significant extent on central government subsidy.

The 'private sector' in the Netherlands describes production by market builders (sections 1.6 (b) and 4.5.4 (iii)) who operate in the way described in Section 3.2.6 (Figure 19). An introduction to these relationships was given in Section 3.2.6. Whether the sector should be termed 'market' or 'private' is a matter for debate. For comparison, it is more important to note how the sector relates to subsidy arrangements and to the tenure of housing that results. Of significance are the two main types of housing supplied, namely 'subsidised' and 'unsubsidized' housing (Figure 34). Here the debate is about supply-side subsidies. Housing is subsidised (Section 3.2.1) under various government programmes which support the construction of both housing for ownership and for private renting (Figure 34). Housing is also

produced without subsidy for owner-occupation by market builders, although, as in the United Kingdom, there is subsidy given to the occupier in the form of tax reliefs.

Figure 35 shows the rather more complicated links between suppliers, financial support and tenure in Germany. Due to the complexities *common routes* as well as *possible routes* are shown (Figure 35).

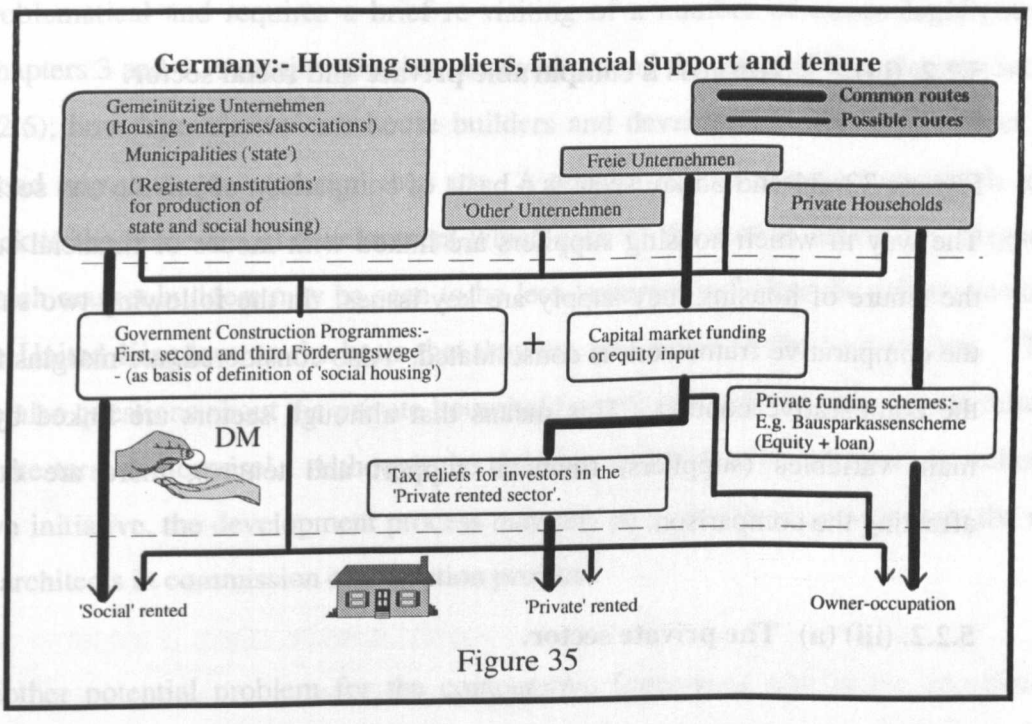


Figure 35

It is perhaps helpful to begin with the *common* routes or models. Of these, supply by the Gemeinützige Unternehmen via the Förderung routes is one of the most important (Sections 1.6 (b) and 4.5.5 (iv)).This results in social rented housing. Another common route is housing supplied via the Freie Unternehmen. This is private rented housing, often for institutional investors, or individuals with high incomes (Ulbrich, 1991:278). The motivation of this sector will be largely related to profit (Ibid). A final common route is housing supply via private households for owner-occupation (Sections 1.6 (b) and 4.5.5. (iii)). This relies upon a mortgage, for the main funding, although may attract certain subsidies which can be offset against income tax for a limited period (B.M.Bau, 1993: 133).

In addition to the common routes there are other *possible* routes for housing supply in Germany. Most surprising perhaps to the observer in the United Kingdom is the possibility for private households to produce housing of many different tenures (Figure 35). Equally, the various Unternehmen can produce many different tenures of housing in the rented sector. There is hence a potentially flexible system in existence.

The task is now to provide a comparable framework.

5.2.2. (iii) Towards a comparable private and social sector.

Figures 33, 34 and 35 are seen as a basis of comparison of private and social sectors. The way in which housing suppliers are linked with modes of financial support and the tenure of housing they supply are key issues. In the following two sub-sections, the comparative framework is consolidated. Also considered, are margins for error in the comparative context. This means that although sectors are linked by the three main variables (suppliers, financial support and tenure), there are other issues affecting the comparison.

5.2.2. (iii) (a) The private sector.

Comparing the 'private' sector in the three countries is done in the following way. First, by using data for completions by the private sector in the United Kingdom (Figure 30), in the form of statistics presented by the Department of the Environment (Table 7, column 'e'). This sector produces housing for owner-occupation, largely in the absence of subsidy. For the Netherlands production by market builders is used, where they supply housing which is unsubsidized and for owner-occupation. Here the data results (Table 8, column 'e') from Dutch Central Bureau of Statistics. Finally, the comparison relies upon using production by 'private households' in Germany who do not produce in either 'social ownership' or 'social rented' sector. Table 9 provides a column 'g', which is headed 'neither'. This denotes production produced for owner-occupation in the absence of subsidy.

This framework is outlined in Table 10 as the basis for investigation. Before moving on to discuss the 'social' sector, however, the potential or margin for error in comparison should be highlighted.

The private sector in the United Kingdom is referenced by the term 'private enterprise' (D.o.E,:203). 'Enterprise' is a potentially difficult word however, in the comparative context. It suggests initiative or self-motivation. It is potentially problematical and requires a brief re-visiting of a number of issues highlighted in Chapters 3 and 4. A major question revolved around the issue of speculation (Section 3.2.6); how 'speculative' are house builders and developers? This may reflect in a broad way, how 'enterprising' they are. A number of issues arise here which relate back to the processes of development which each of the sectors undertake. Arguably Dutch market builders may be seen to be less 'enterprising' than the private sector in the United Kingdom on the basis that they are less active in the land market. There are also questions about the private household sector of supply in Germany in relation to the term 'enterprise'. Although the decision to build is based upon households' own initiative, the development process may rely to a significant extent upon the role of architects in commission construction projects.

Another potential problem for the comparative framework lies in the question of 'motivation'. Why does the private sector produce housing? The extent to which 'profit' is a motive may vary across different countries. Is the production of housing based upon maximizing revenue from house building or is it based upon motives linked to the consumption of housing? In the comparison, there are questions about what motivates German households to build. That is to say, is this decision linked with cycles in the housing market, as may be the case in the United Kingdom and the Netherlands, or is it a decision which is relatively unaffected by such trends?

5.2.2. (iii) (b) The social sector.

In order to define a 'social' sector which is comparable across the three countries, Figures 33, 34 and 35 are again revisited. From these diagrams links can be drawn

between organisations which are called housing associations, government funding programmes and social rented housing. These are broad links. But they do allow for a discounting of some routes in the case of Germany (Figure 35), where the possibility for virtually all backgrounds of housing supplier to link up with central government sponsorship of housing production exists (Figure 35).

From this starting point the discussion of the social sector needs to refer to the broader framework provided by Emms, Harloe and Oxley (Emms, 1990; Harloe 1988; Oxley 1995). Between them they promote notions of 'subsidy from public funds' (Emms 1990), 'non-profit', 'need', importance of 'political decision-making' (Harloe 1988), 'profit', and 'pricing' (Oxley, 1995). 'Social' sectors should be compared according to this criteria. On this basis housing associations, the Gemeinützige Unternehmen in Germany, might best be selected to represent the social sector in the three countries. They are, overtly at least, non-profit making organisations who provide housing on the basis of social need (NWR, 1995; Ulbrich, 1991:278) and who have been sponsored by government to a significant extent. They are also registered institutions for the production of social housing (Boelhouwer and Van der Heijden, 1992:116).

In the comparison of social housing supply, however, there is a case to add housing produced by the state to that of housing associations. Although there are significant differences in the volume of production contributed by this sector in different countries, supply of state housing is suggested to be worthy of inclusion on the basis that in the United Kingdom, local authorities played such a significant role in housing production in the 1970s, which was arguably directed towards social needs. Hence looking simply at housing associations does not provide a comparable framework. In Germany state housing is supplied on the basis of need (Ulbrich, 1991:278), and in the Netherlands it is supplied on a non-profit basis. (Boelhouwer and Van der Heijden 1992:48). Hence the case for the inclusion of this state sector is strengthened. 'State' supply, is supply through local authorities, for the main part.

A comparison of the social sector, as with the private sector, demands that some margins for error are provided for the comparison. This exercize might first identify

the issue of subsidy. How valuable is this in terms of government support. That is to say, how much does the social sector rely upon the capital market for additional funding? How much then is the sector effectively privatised, if such a term is useful? Another question which might be asked relates to the setting of rents; Oxley's 'pricing' issue. Are rents market determined or are they set with some affordability criteria in mind? Much of this may depend upon the degree to which housing suppliers themselves rely on the market.

To conclude Section 5.2.2, Table 10 is provided below. This summarises also some of the questions which may be asked of the comparative framework.

Table 10: A framework for comparison of private and social sectors.

	Private sector			Social sector		
	Housing Supplier	**Financial support**	**Tenure**	**Housing Supplier**	**Financial support**	**Tenure**
U.K	• Private sector.		• Owner-occupat'n.	• Housing Associat'n • Local authorities	• HIPs/ADP	• Social rented
NL.	• Market builders.	• Unsubsidised sector.	• Owner-occupat'n.	• Housing associat'n • State.	• Housing Act' building programmes	• Social rented
G.	• Private household.	• Product'n not in social ownership or 'social rented' (Table 9).	• Owner-occupat'n.	• Gemeinnützige Unternehn • State	• Förderung swege	• Social rented
Margin for error.	• Enterprise/ Speculation: degree of ? •Motivation: investment/consumption ?			• Quantifying state financial support ? • Reliance on capital market funding ? Basis of rent setting ?		

5.2.3. Independent variables.

5.2.3. (i) (a) Independent variable 1: Net household increase.

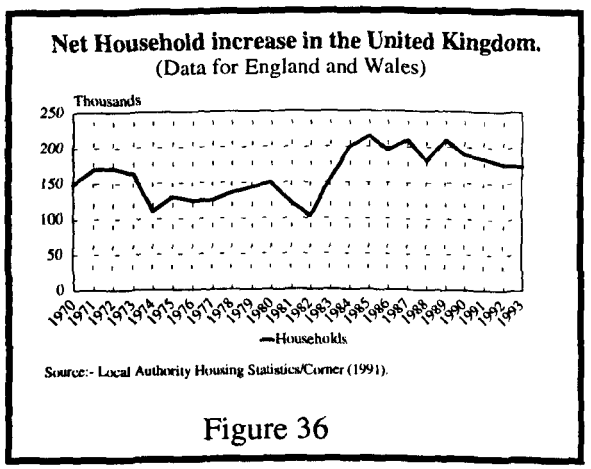


Figure 36

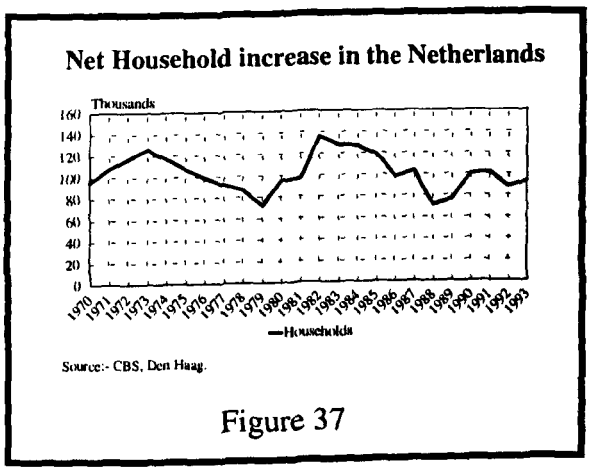


Figure 37

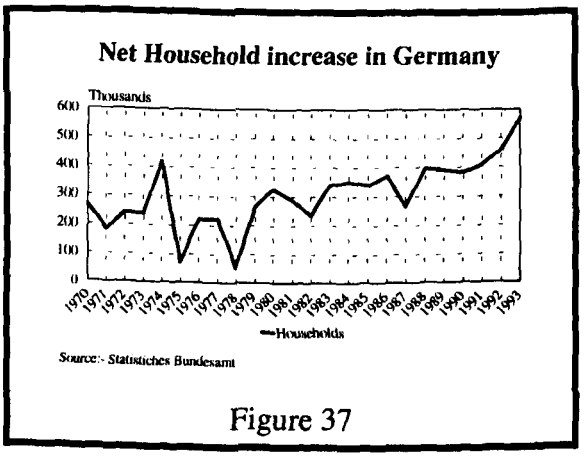


Figure 37

Figures 36, 37 and 38 show the 'net increase in the number of households' for the United Kingdom, the Netherlands and Germany respectively. The data used to produce these trends is provided in Table 11. The 'net increase in the number of households' is the number of additional households which come into being each year as a result of the many factors which affect trends in household formation (births, marriages, deaths and divorces). It is calculated in the following way in the three countries.

Table 11: Net household increase in the United Kingdom, the Netherlands and Germany.

Year	United Kingdom	Netherlands	Germany
1970	149000	96000	266000
1971	170000	108000	183000
1972	171000	117000	242000
1973	163000	126000	239000
1974	110000	117000	418000
1975	130000	107000	71000
1976	124000	99000	221000
1977	125000	92000	222000
1978	135000	87000	56000
1979	143000	72000	265000
1980	150000	95000	325000
1981	120000	97000	289000
1982	103000	136000	236000
1983	155000	128000	340000
1984	200000	127000	350000
1985	215000	119000	339000
1986	195000	98000	372000
1987	210000	103000	267000
1988	180000	71000	397000
1989	210000	76000	390000
1990	190000	100000	382000
1991	184000	102000	408000
1992	176000	88000	460000
1993	174000	93000	570000

5.2.3. (i) (a) Net household increase in the United Kingdom: Figure 36

A comprehensive data set for the *United Kingdom* on the number of households in existence was not identified. The data sets which do exist (Eurostat sources) are very

general, giving household numbers only to the nearest 100,000 which is unsatisfactory for the purposes of analysis. A data set exists however for the 'net increase in the number of households' for England and Wales (King, 1993:109)., which has been used.

The use of 'England and Wales' as a 'proxy for the United Kingdom is argued not to affect the way the relationships in Section 5.3 are viewed. Around 80% of household increase in the United Kingdom has been shown to occur in England and Wales (Long 1994). In the statistical investigation in Section 5.3.2 (iii) (a) (Figure 60), data on housing production for England and Wales has been used to maintain consistency.

5.2.3. (i) (b) Net household increase in the Netherlands: Figure 37.

Net household increase in the Netherlands is based upon the data provided by the Dutch Housing Ministry (MVROM) for the 'total number of households' (Ligterink, 1993). The data for the 'net increase in the number of households' has been calculated by subtracting the number of households for a given year from the number in the following year. This figure is then used to represent the net increase in households for the following year.

5.2.3. (i) (c) Net household increase in Germany: Figure 38.

The calculation of net household increase in Germany is based upon the data provided by the Statistiches Bundesamt (Eisel, 1993) for the total number of households. The data for the 'net increase in the number of households' has been calculated in the same way as for the Netherlands.

5.2.3. (ii) Independent variable 2: Decrease in the housing stock.

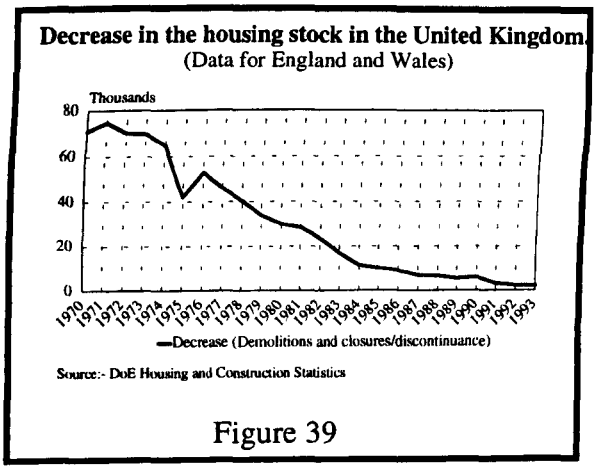


Figure 39

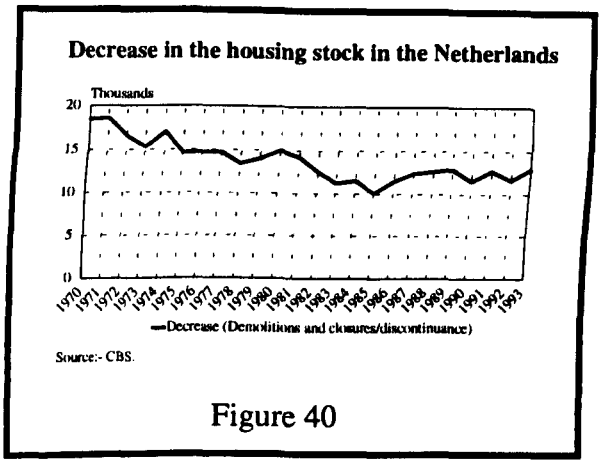


Figure 40

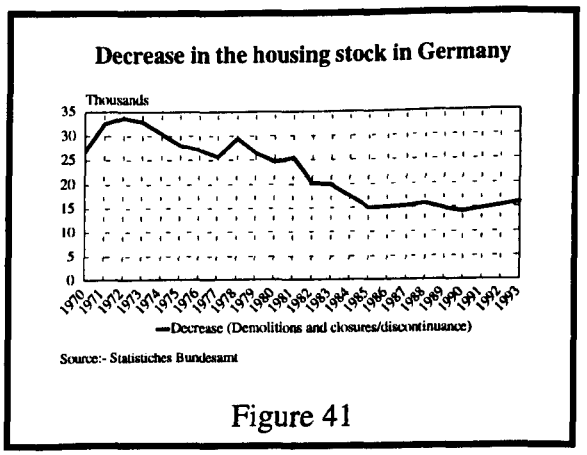


Figure 41

Figures 39, 40 and 41 show the 'decrease in the housing stock' for the United Kingdom, the Netherlands and Germany respectively. The data is provided in Table 12. The significance of this variable is explained in Section 5.3.2 (ii) A decrease in the housing stock can occur for a variety of reasons. It can occur due to demolitions (mainly slum clearance) or it can occur due to discontinuance orders (e.g. unfitness). Alternatively, it can occur due to changes of use, i.e. dwellings becoming used for other functions. Data is provided by housing ministries and statistical bureaux for these variables (Table 12).

Table 12: Decrease in the housing stock in the United Kingdom, the Netherlands and Germany.

Year	United Kingdom	Netherlands	Germany
1970	71118	18544	26838
1971	74721	18590	32460
1972	70234	16641	33640
1973	69865	15321	32909
1974	64920	17079	30472
1975	42026	14667	28065
1976	53040	14724	27125
1977	46237	147189	25639
1978	40278	13468	29497
1979	33965	14008	26448
1980	30019	15002	24589
1981	28385	14229	25445
1982	23485	12572	20206
1983	17074	11304	19963
1984	11622	11590	17571
1985	10319	10121	15038
1986	9120	11524	15130
1987	7026	12445	15316
1988	6614	12673	15787
1989	5509	12953	14785
1990	6134	11548	14130
1991	3260	12754	14663
1992	2371	11659	15294
1993	2162	12984	15953

5.2.3. (ii) (a) Decrease in the housing stock in the United Kingdom: Figure 39.

Data for the decrease in the housing stock shown in Figure 39 and Table 12 is sourced from the Department of the Environment (Ellison, 1993). The data represents the

total number of all dwellings 'demolished or closed'. The data relates to England and Wales.

5.2.3. (ii) (b) Decrease in the housing stock in the Netherlands: Figure 40.

Data for the decrease in the housing stock shown in Figure 40, and Table 12 is sourced from the Housing Ministry (Ligterink, 1993). The data represents the total number of all dwellings 'demolished, discontinued or closed for other purposes'.

5.2.3. (ii) (c) Decrease in the housing stock in Germany: Figure 41.

Data for the decrease in the housing stock in Figure 41, and Table 12, is sourced from the Statistiches Bundesamt (Imming, 1993). The data represents the total number of all dwellings 'deducted' from the German housing stock.

5.2.3. (iii) Independent variable 3: The housing stock and number of households.

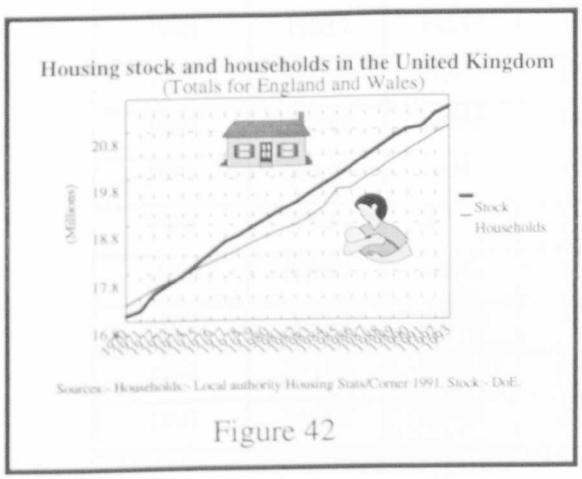


Figure 42

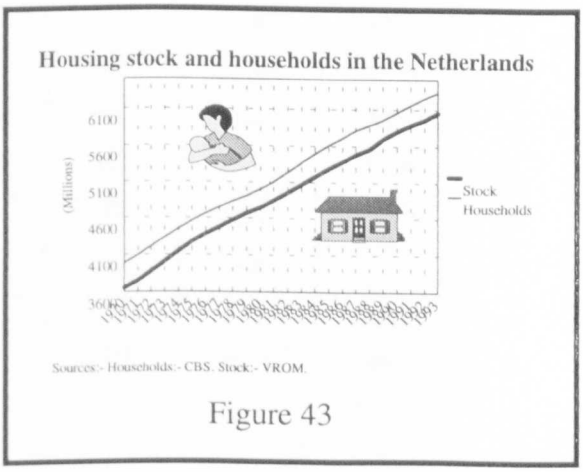


Figure 43

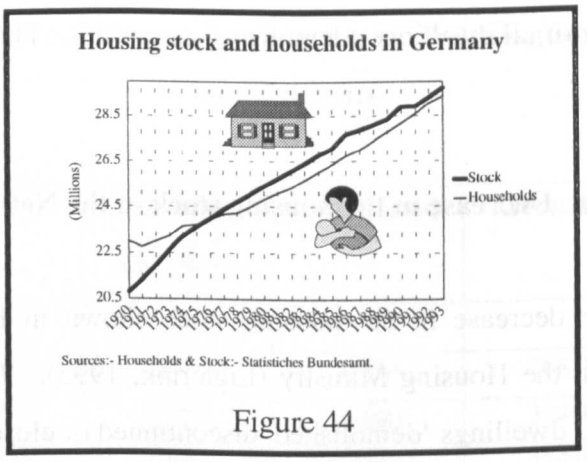


Figure 44

Figures 42, 43 and 44 show the 'size of the housing stock and the number of households' for the United Kingdom, the Netherlands and Germany respectively. The data used to compile these graphs is provided in Table 13. The 'housing stock' and the 'number of households' are of course two, and not one 'variable(s). The utility of this relationship is discussed in Section 5.3.2. (ii) Here the concern is with the data and its sourcing.

Table 13: Housing stock and households in the United Kingdom, the Netherlands and Germany ('000's)

Year	Stock U.K	Hholds UK	Stock NL	Hholds NL	Stock G	Hholds G
1970	16892	17143	3657	3986	20807	22991
1971	17032	17313	3753	4094	21329	22752
1972	17376	17484	3873	4211	21957	22994
1973	17564	17647	4010	4377	22638	23233
1974	17759	17757	4151	4454	23212	23651
1975	19978	17887	4280	4561	23621	23722
1976	18203	18011	4387	4660	23986	23943
1977	18433	18136	4479	4752	24370	24165
1978	18578	18271	4577	4839	24708	24221
1979	1857	18414	4671	4911	25040	24486
1980	18932	18564	4747	5006	25406	24811
1981	19101	18684	4867	5103	25748	25100
1982	19249	18787	4957	5239	26076	25336
1983	19449	18942	5071	5367	26399	25679
1984	19637	19142	5178	5494	26782	26024
1985	19817	19537	5289	5613	27081	26367
1986	20010	19552	5384	5711	27694	26739
1987	20219	19762	5483	5814	27896	27006
1988	20432	19942	5558	5885	28102	27403
1989	20627	20152	5699	5961	28342	27793
1990	20803	20342	5802	6061	28907	28175
1991	20855	20526	5892	6163	28992	28583
1992	21178	20702	5965	6251	29308	29043
1993	21280	20876	6057	6329	29732	29368

5.2.3. (iii) (a) Housing stock and number of households in the United Kingdom: Figure 42.

Data for the housing stock is for England and Wales in order to be consistent with the other variables, 'decrease in the housing stock' (Section 5.2.3.(ii) (a) and the 'net

increase in the number of households' (Section 5.2.3. (i) (a)). The data for the housing stock is taken from Housing and Construction Statistics (DoE). The data for the total number of households is taken from the increase in the number of households (Corner 1991:109) with a base year of 1990, at which there was 20,342,900 households in England and Wales (Local housing statistics 1992).

5.2.3. (iii) (b) Housing stock and number of households in the Netherlands: Figure 43.

Data for both the housing stock and the number of households is sourced from the Housing Ministry (Ligterink, 1993).

5.2.3. (iii) (c) Housing stock and number of households in Germany: Figure 44.

Data for both the housing stock and the number of households is sourced from the Statistiches Bundesamt (Eisel, 1993).

5.2.3. (iv) Independent variable 4: House prices.

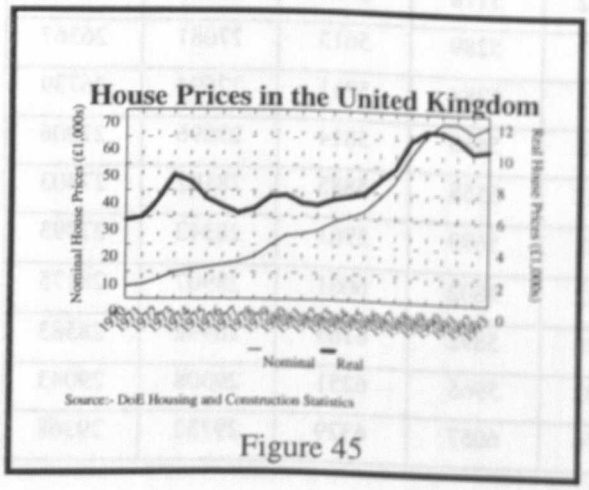


Figure 45

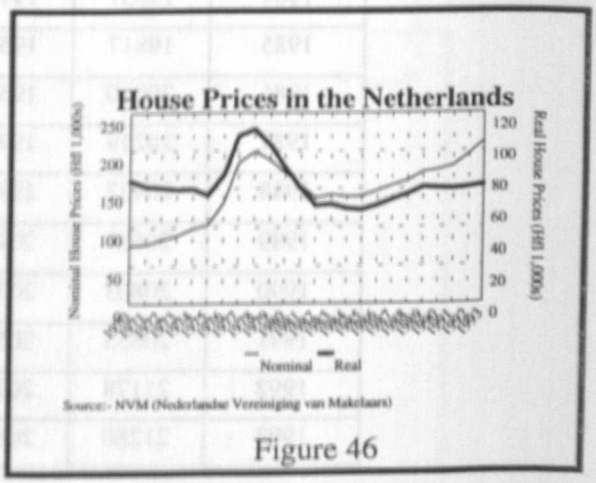


Figure 46

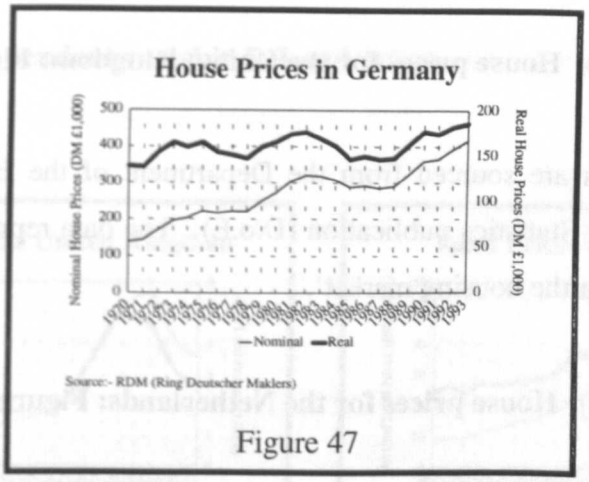


Figure 47

Figures 45, 46 and 47 show nominal and real house price trends for the three countries. The data used to compile Figures 45, 46 and 47 is shown in Table 14. The sources and the method of compilation is given thereafter.

Table 14: Nominal and real house prices in the United Kingdom, the Netherlands and Germany.

Year	Nominal house prices U.K	Real house prices UK	Nominal house prices NL	Real house prices NL	Nominal house prices G	Real house prices G
	(£)	(£)	(Hfl)	(Hfl)	(DM)	(DM)
1970	4974	4974	76884	76884	138421	138421
1971	5632	5166	78346	73220	144836	137939
1972	7373	6301	84194	72581	170555	153653
1973	9941	7827	89354	71483	195789	164529
1974	10989	7425	98126	71624	202142	159167
1975	11786	6371	102598	67945	222000	164444
1976	12703	5881	131838	80389	216250	153369
1977	13649	5459	184126	105819	221745	150847
1978	15593	5733	198746	109805	220483	146989
1979	19924	6511	187222	99586	250370	159472
1980	23593	6609	171054	85527	272666	165253
1981	24187	6107	153424	72030	304558	174033
1982	25553	6012	138030	61600	321818	175857
1983	28592	6368	142072	62312	318793	168673
1984	30811	6560	139578	59648	308214	160528
1985	33187	6788	140094	58863	287241	145808
1986	38187	7659	146974	61754	291515	149495
1987	44220	8488	153930	65229	284428	145861
1988	54280	10222	160092	68416	289955	147185
1989	62135	10908	171570	72699	324102	162051
1990	66745	10888	174494	72105	360395	176664
1991	66825	10409	180400	71588	365369	173985
1992	63425	9595	194800	72417	393357	182109
1993	66158	9772	212400	74001	416309	185852

5.2.3. (iv) (a) House prices for the United Kingdom: Figure 45.

House prices are sourced from the Department of the Environments' Housing and Construction Statistics publication (D.o.E). The data represents the 'average price of all housing in the housing market'.

5.2.3. (iv) (b) House prices for the Netherlands: Figure 46.

House prices in the Netherlands are sourced from the Nederlandse Vereiniging van Makelaars (NVM), which is the Dutch umbrella organisation of Makelaars, who play a similar role as chartered surveyors in the United Kingdom. The data represents the price of housing in the existing housing market and is published in Intern (NVM), a journal which provides data on house prices on an annual basis.

5.2.3. (iv) (c) House prices for Germany: Figure 47.

These are taken from the Ring Deutscher Maklers (RDM), who are also an umbrella organisation representing German Maklers, or estate agents. Data is published in the Immobilienpreispeigel and represents the average price of detached owner-occupier housing. The data relates to 45 'large cities under 500,000 inhabitants' and other 'middle sized cities'.

Consumer Price indices.

Consumer price indices are used to calculate real house prices as well as real land and real building costs. The indices are sourced from the United Nations Annual Bulletin of Housing and Construction Statistics (United Nations). Real values are calculated, based around an index of 100 for the year 1970. Nominal data for house prices, land prices and building costs are devalued in accordance with the indices.

5.2.3. (v) Independent variable 5: Land prices.

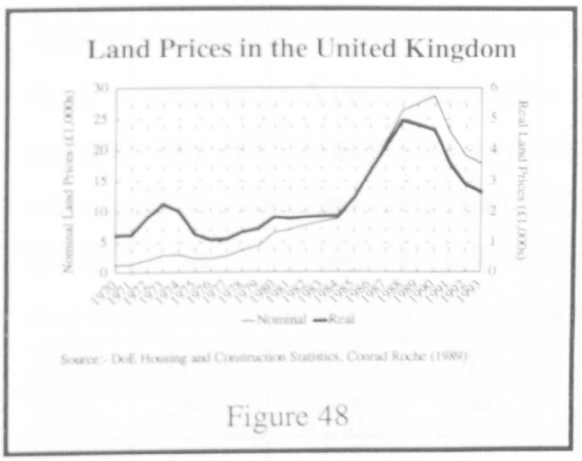


Figure 48

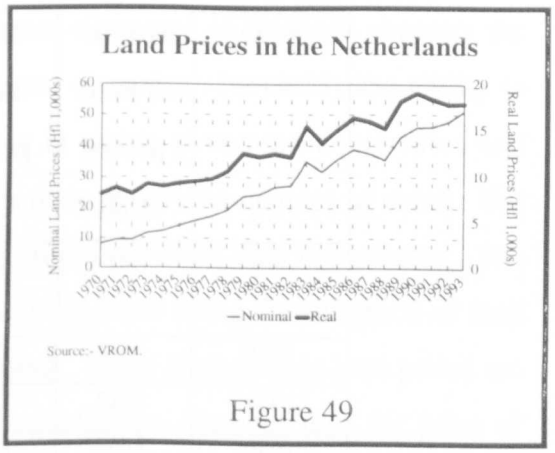


Figure 49

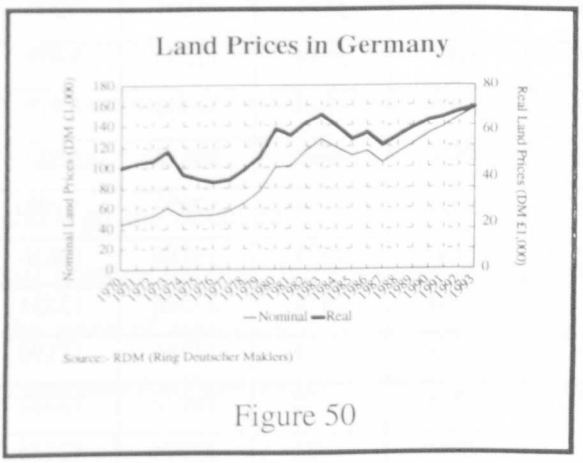


Figure 50

Figures 48, 49 and 50 show *nominal* and *real* land price trends for the three countries. They show the price per dwelling plot. The data is provided in Table 15.

Table 15: Nominal and real land prices per plot in the United Kingdom, the Netherlands and Germany.

Year	Nominal land prices U.K	Real land prices UK	Nominal land prices NL	Real land prices NL	Nominal land prices G	Real land prices G
	(£)	(£)	(Hfl)	(Hfl)	(DM)	(DM)
1970	1228	1228	8190	8190	44464	44464
1971	1347	1236	9442	8824	48862	46535
1972	2102	1797	9485	8176	52928	47683
1973	2866	2257	11501	9200	61000	51765
1974	2987	2019	12265	8953	52750	14535
1975	2305	1246	14068	9317	53400	39555
1976	2338	1082	15617	9522	53857	38197
1977	2760	1104	17039	9793	57611	39192
1978	3600	1324	19288	10656	65142	43428
1979	4403	1439	23596	12551	77181	49160
1980	6475	1814	24381	12190	100173	60711
1981	7015	1772	26673	12522	101640	58080
1982	7740	1821	27204	12145	116172	63482
1983	8331	1855	35169	15425	127038	67216
1984	8788	1881	31878	13623	119000	61980
1985	12056	2466	35958	15109	111230	56462
1986	16583	3323	38916	16351	115551	59256
1987	21613	4148	37629	15945	104806	53747
1988	26346	4962	35645	15232	113742	57737
1989	27483	4822	42732	18107	122230	61115
1990	28602	4665	45993	19005	131571	64495
1991	23105	3599	46239	18349	138717	66056
1992	19134	2895	47852	17789	148097	68564
1993	17943	2651	51254	17859	157469	70298

5.2.3. (v) (a) A note on the comparison of land prices.

Data on land prices in different countries is determined largely by the way in which housing development is carried out. As has been discussed in previous chapters the development process varies considerably between countries. Inevitably the ability to compare data will be dependent upon the way in which government ministries and other agencies collate and present data. This is done to varying degrees of detail. For the United Kingdom, there are only two main stages at which data is available. The first being for the price of agricultural land and the latter being for the price of land purchased by developers and builders for building. In the Netherlands land prices are provided in a more detailed way. The Housing Ministry provides data for price of land *sold to* municipalities as well the price of land *sold by* municipalities (MVROM, 1991c). Land prices are also classified according to the sector to which land is sold, by municipalities. For example, the social sector, where data is very detailed, or the market sector, which is used for this investigation. Prices of land in Germany are provided in detail, although the detail relates to stages in the development process, rather than to sector of housing supply. In Germany, there are data sets provided by the government on the price of agricultural land, of Rohbauland (land zoned in the Flächenützungsplan), and also for Baureifesland which is building 'ready' land.

5.2.3. (v) (b) Towards a comparison of land prices.

An objective of comparison should be to find a common 'stage' in the development process at which land prices can be compared. This is achieved more easily in the Dutch and German cases. 'Land sold by municipalities' in the Netherlands is sold in a serviced state and in Germany this situation is represented in Baureifes land. For the United Kingdom, however, land purchased by developers and builders does not have infrastructure provision. This is a comparative problem which is recognized in the recent German report (BMBau 1993:XXXIV).

To make the data sets more comparable, it is necessary to look at further research. In this respect, the research of Conran Roche (1989) is relied upon. Conran Roche has

calculated that infrastructure costs add on average '45%' to land costs as they are discussed in the national statistics. This adjustment has been incorporated to the data sets in Table 15.

5.2.3. (v) (c) Land prices for the United Kingdom: Figure 48.

Land prices are sourced from the Department of the Environments Housing and Construction Statistics publication. The data relates to 'private sector purchase of sites for residential use with four or more plots where the value of the area of the sites are known' (D.o.E)

Plot prices are arrived at in Table 15 by taking the 'simple average price (of land) per hectare' and dividing it by the 'mean density' (of plots) for the given years. The values are then uplifted by the amount indicated in the Conran Roche research. Plot sizes are of around $400m^2$.

5.2.3. (v) (d) Land prices for the Netherlands: Figure 49.

Prices of land in the Netherlands are quoted per plot and per sector. In the market sector, plot prices for detached dwellings are available for the years 1982 onwards (MVROM, 1991c:8). Prior to this, plot prices in the market sector have been calculated in accordance with the index of land prices in that sector (Klaren and Verpalen, 1989:69). The Housing Ministry report (Ibid) shows plot size in the market sector (years 1982-1992) to average around $280m^2$, considerably smaller than both the United Kingdom and Germany.

5.2.3. (v) (e) Land prices for Germany: Figure 50.

These are taken from the Ring Deutscher Maklers Immobilienpreispiegel (RDM). Land prices are for 'detached single and two family dwellings in an average location'. The data used considers 45 'large cities under 500,000 inhabitants' and other 'middle sized cities'. There is hence consistency with the sourcing of house prices (Section

5.2.3 (iv) (c)). Prices in Table 15 are based upon plot sizes of $600m^2$ which correlates with other research findings (B.M.Bau, 1993:198).

5.2.3. (vi) Independent variable 6: Building costs.

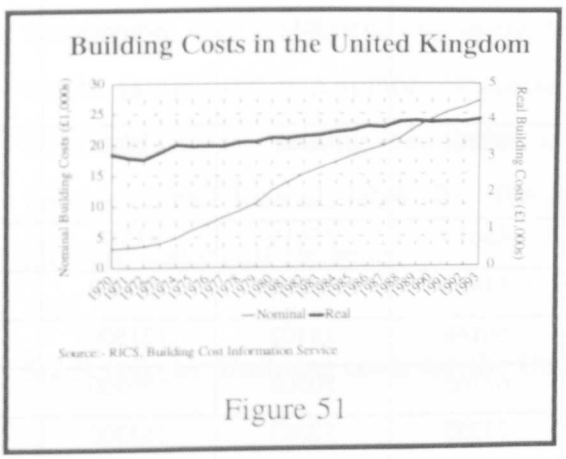


Figure 51

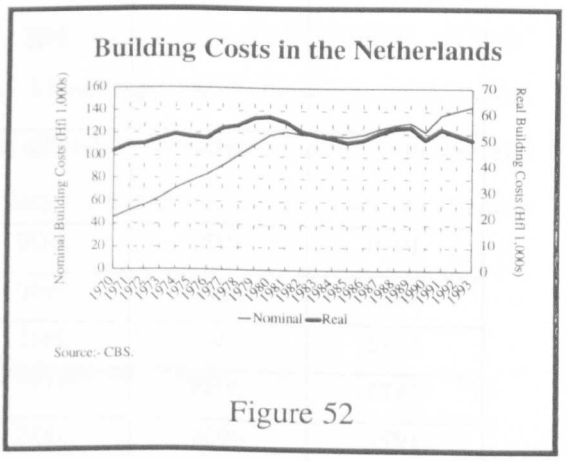


Figure 52

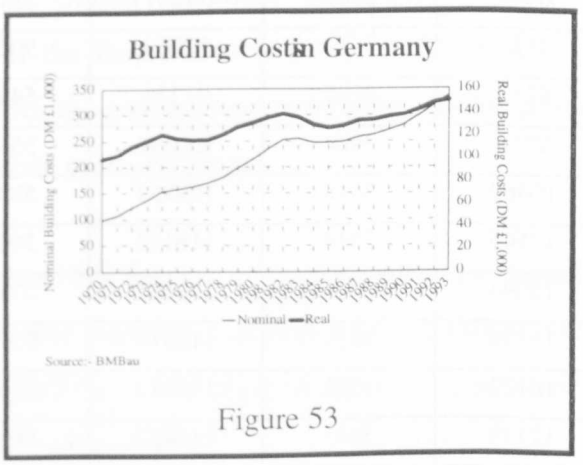


Figure 53

Figures 51, 52 and 53 show building costs for the United Kingdom, the Netherlands and Germany. The data is provided in Table 16.

Table 16: Nominal and real building costs per dwelling in the United Kingdom, the Netherlands and Germany.

Year	Nominal building costs U.K	Real building costs UK	Nominal building costs NL	Real building costs NL	Nominal building costs prices G	Real building costs G
	(£)	(£)	(Hfl)	(Hfl)	(DM)	(DM)
1970	3079	3029	45619	45619	93348	98348
1971	3260	2990	51467	48100	106900	10189
1972	3442	2941	56146	48402	121500	109459
1973	3985	3137	63165	50508	136500	114706
1974	4936	3335	71353	52083	152300	119921
1975	6114	3304	77201	51127	157200	116444
1976	7155	3312	83050	50641	162500	115249
1977	8242	3297	91238	54436	169800	115510
1978	9258	3404	100596	55578	180100	120066
1979	10462	3418	109954	58487	198800	126624
1980	12545	3514	118142	59071	215200	130424
1981	13094	3511	121651	57113	235800	134743
1982	15126	3559	119311	53264	252900	138197
1983	16123	3591	118142	51817	255100	134974
1984	17119	3665	118422	50608	247100	128698
1985	18116	3707	116972	49148	247800	125787
1986	19021	3811	119311	50131	249400	127787
1987	19746	3791	123990	52539	258100	132356
1988	20883	3933	127500	54487	261700	132843
1989	22645	3973	129839	55016	271300	135650
1990	24094	3931	121907	50375	280900	137697
1991	25362	3951	136857	54309	298700	142239
1992	26086	3947	140374	52184	319900	148102
1993	27173	4014	144079	50302	336900	150402

5.2.3. (vi) (a) Data on building costs.

Detailed data sets for building costs were found to be scarce. The use of building costs relies often upon indices which allow trends to be plotted over time. These trends can be used, however, where building costs are referenced to a particular year, or set of years. 'Building costs', however can account for a number of things. How comparable they are depends upon the basis upon which they are compiled. 'Costs' can be categorised by a number of operations. Most importantly these are 'site works, shell and finish', 'heating, ventilation and plumbing', 'electricity' and 'professional fees' (Contract Journal, 1994:12). The data sets used for the three countries include all these major cost elements.

5.2.3. (vi) (b) Building costs for the United Kingdom: Figure 51.

Building costs in the United Kingdom are available from the Building Cost Information Service of the Royal Institution of Chartered Surveyors (RICS). This provides typical costs for the construction of housing. It also provides an index which has been used to calculate costs over time.

The source used in Table 16 is the cost of building a typical 'Estate' type house of size range $75m^2$ to $100m^2$. The building cost within this size category, when 1992 is used as a base year, is £ 282-00/m^2. The data set has been calculated by using the BCIS index applied to the base year of 1992.

5.2.3. (vi) (c) Building costs for the Netherlands: Figure 52.

Building costs in the Netherlands are provided in the publication Maandstatistiek Bouwnijverheid (CBS). Costs are provided for selected years and for selected forms of housing. These forms of housing are classified according to methods of subsidy rather than by the market or social sector.

The sector on which building costs are based is the 'non-subsidised'. The base year is 1988 and costs are quoted for the dwelling. The cost of a dwelling in 1988 in this sector was Hfl 127,500 (CBS). This reference point is used in conjunction with the general building cost index in Maandstatistiek Bouwnijverheid (CBS).

5.2.3. (vi) (d) Building costs for Germany: Figure 53.

Data sets for building costs are published by the German Housing and Planning Ministry (B.M.Bau, 1994:58). These are classified by 'Einfamilienhäuser' (single family dwellings) and Mehrfamilienhäuser (dwellings for many families).

For the comparison, the data on the single family dwellings is used. This is then consistent with the classifications on house prices and land prices. There is no need to index the data as this is provided for each year.

5.2.3. (vii) Summary of house prices, land prices and building costs.

Table 17 provides a summary of data, information and issues relating to house prices, land prices and building costs.

Table 17: House prices, land prices and building costs: data sources and definitions.

Country	House Prices	Land Prices	Building Costs
United Kingdom	• Price of all housing in the housing market (Department of the Environment)	• Plot prices in the private sector, (Department of the Environment) • Addition for infrastructure provision (Conran Roche 1989) • Plot size c 400m^2	• Average costs 'Estate type' housing (Royal Institution of Chartered Surveyors). • BCIS Index.
N'lands.	• Price of housing in the existing housing market (Nederlandse Vereiniging van Makelaars)	• Serviced plots sold by municipalities to house builders in market sector.(VROM, Klaren & Verpalen) • Plot size c 280m^2	• Building costs of non-subsidised housing (CBS, Maandstatistiek Bouwnijverheid) • Building cost index.
Germany	• Price of detached owner-occupied houses in existing market (Ring Deutscher Maklers - RDM)	• Building plots for detached single and two family houses (RDM). • Baureifes ('building - ready' land) • Plot size c 600m^2	• Average building costs for single family houses (BMBau)

5.2.3. (viii) Suitability of profit data sets to private sector data sets.

The ability to draw conclusions in this research is based upon the relationship between the private sector, as defined in Section 5.2.2 (iii) (a)) and 'profit'. This is explained

fully in Section 5.3.3. (i). 'Profit' is based upon the three variables house prices, land prices and building costs. It is therefore important to consider how the selection of data sets which represent these variables relate to the way in which the private sectors were selected and defined.

For the United Kingdom, the data sets available on the 'profit variables' (house prices, land prices and building costs) are of a broad nature. There is no possibility, for example to tie private sector supply with a 'specific' set of land prices, since the latter are presented in an aggregate manner. The margin for error, i.e. comparative mismatch, is argued however to be narrowed by the high significance of the private sector. In so far as house prices and the private sector are concerned, there is an inherent assumption that house prices in the existing market are what influences private sector activity. With respect to building costs and the private sector, the costs are quite specifically represented by 'Estate type' houses, which are assumed to link with private sector activity (Table 17).

In the case of the Netherlands, the price of housing is based on the existing housing market. As in the United Kingdom, and indeed Germany, there is an assumption that average house prices in the existing market provide a motivation for private sector activity. In the Dutch case it is possible to be quite specific in reconciling the market builder sector with land prices in the market sector. This is made possible through data sets provided by the Central Bureau of Statistics and the Housing Ministry. Building costs are related to the way housing is financed, where the classification selected is 'non-subsidised'. This selection is reconciled with production by market builders supplying housing which is unsubsidized.

In Germany land prices and building costs are selected for single or two family homes (Table 17). The link between this form of housing and the sector supplying it, namely private households can be established:

> 'So sind Ein und Zweifamilienhäuser vor allem von privaten Haushalten gebaut worden. Ihr Anteil beträgt sich hier über 80% und zwar im Zeitablauf nur sehr gering Schwankungen unterworfen'.

(Ulbrich, 1991:282)

'.....Above all private households build Single and Two family houses. Their share (in this form of housing) is around 80%.....indeed over time this (volume) has only altered marginally').

5.2.3. (ix) Independent variable 7: Rates of unemployment.

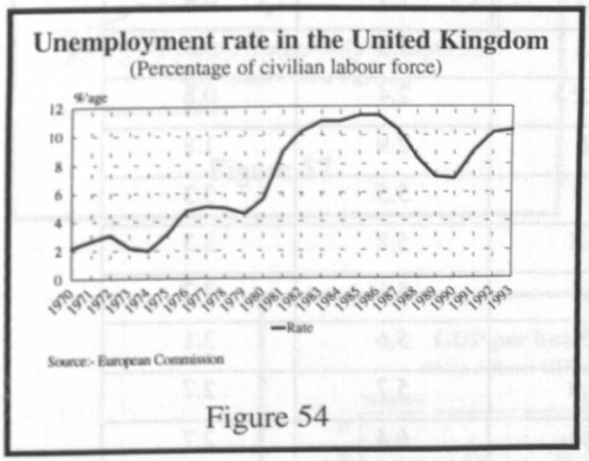


Figure 54

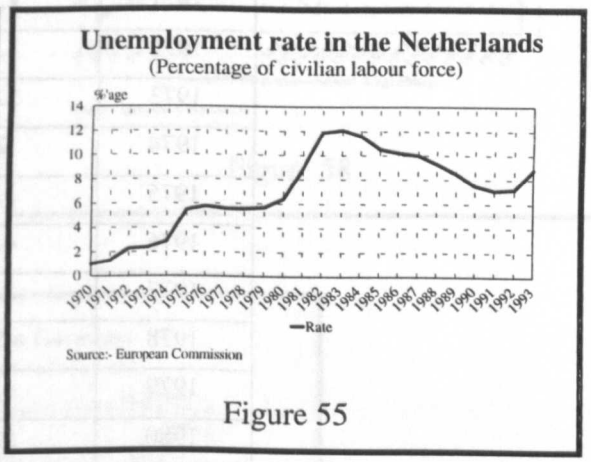


Figure 55

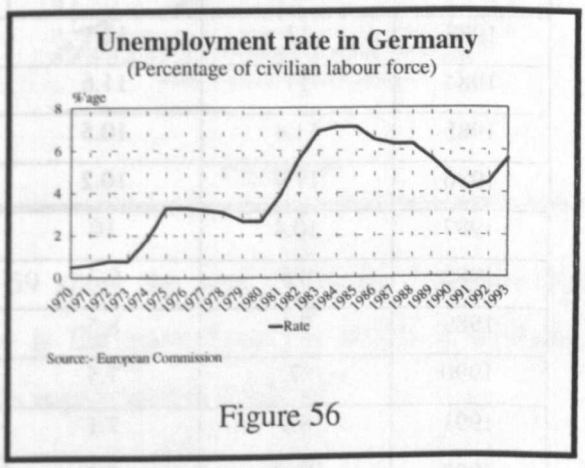


Figure 56

Figures 54, 55 and 56 show the rates of unemployment for the three countries expressed as a percentage of the 'civilian labour force'. The data is provided in Table 18. The source is European Economy which is published by the European Commission.

Table 18: Unemployment rates in the United Kingdom, the Netherlands and Germany.

Year	United Kingdom	Netherlands	Germany
	(%)	(%)	(%)
1970	2.2	1	0.5
1971	2.7	1.3	0.6
1972	3.1	2.3	0.8
1973	2.2	2.4	0.8
1974	2	2.9	1.8
1975	3.2	5.5	3.3
1976	4.8	5.8	3.3
1977	5.1	5.6	3.2
1978	5	5.6	3.1
1979	4.6	5.7	2.7
1980	5.6	6.4	2.7
1981	8.9	8.9	3.9
1982	10.3	11.9	5.6
1983	11	12.1	6.9
1984	11	11.6	7.1
1985	11.4	10.5	7.1
1986	11.4	10.2	6.5
1987	10.4	10	6.3
1988	8.5	9.3	6.3
1989	7.1	8.5	5.6
1990	7	7.5	4.8
1991	8.9	7.1	4.2
1992	10.2	7.2	4.5
1993	10.5	8.8	5.6

5.2.3 Independent variable 8: Gross Domestic Product.

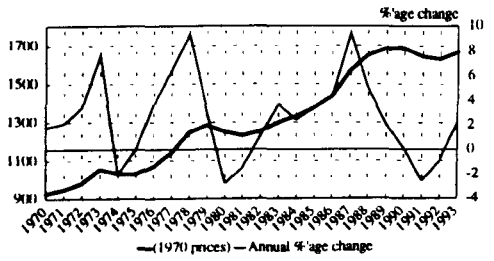


Figure 57

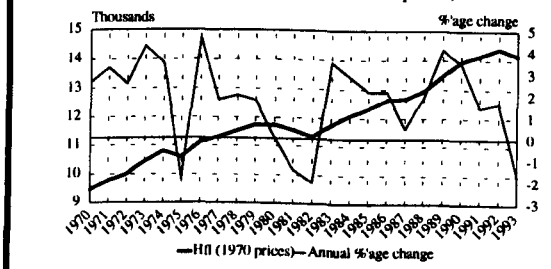


Figure 58

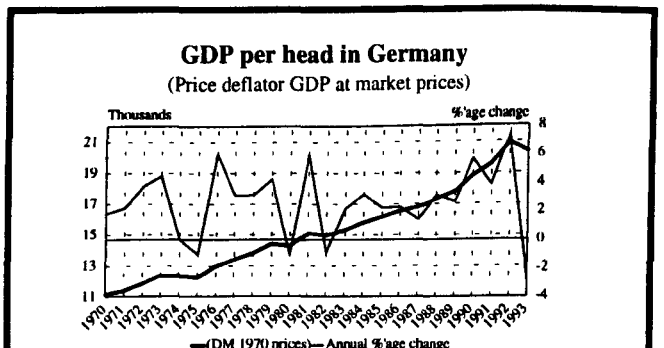


Figure 59

Figures 57, 58 and 59 show the rates of Gross Domestic Product for the three countries. The source is European Economy which is published by the European Commission. The data is provided in Table 19.

Table 19: Gross Domestic Product in the United Kingdom, the Netherlands and Germany.

Year	UK (1970 real values)	UK %'age change	NL (1970 real values Hfl)	NL %'age change	G (1970 real values DM)	G %'age change
1970	927	1.87	9458	2.62	11134	1.86
1971	947	2.12	9768	3.27	11385	2.25
1972	830	3.42	10015	2.53	11819	3.81
1973	1055	7.64	10443	4.27	12354	4.52
1974	1033	-2.02	10807	3.48	12359	0.04
1975	1033	0	10606	-1.85	12234	-1.011
1976	1071	3.62	11101	4.66	12975	6.056
1977	1140	6.42	11302	1.81	13389	3.19
1978	1248	9.34	11531	2.02	13819	3.211
1979	1284	3.04	11737	1.78	14415	4.31
1980	1249	-2.77	11744	0.05	14261	-1.06
1981	1230	-1.48	11578	-1.41	15121	6.030
1982	1253	1.88	11345	-2.01	14988	-0.879
1983	1300	3.71	11749	3.56	15321	2.22
1984	1331	2.42	12087	2.87	15819	3.25
1985	1377	3.45	12355	2.21	16180	2.28
1986	1437	4.32	12630	2.22	16557	2.33
1987	1572	9.41	12694	0.506	16800	1.467
1988	1651	4.99	12942	1.95	17333	3.172
1989	1685	2.06	13479	4.15	17800	2.694
1990	1687	.16	13953	3.52	18811	5.67
1991	1644	-2.51	14162	1.49	19542	3.88
1992	1630	-0.88	14403	1.7	20939	7.14
1993	1667	2.25	14157	-1.7	20358	-2.77

The graphs show the trend in price deflated gross domestic product per head at market prices. The trend is expressed in two ways for each country. The thick line represents the real value of GDP expressed in terms of 1970 prices. The thin trend line represents this same data set, but expressed in terms of annual percentage change. GDP expressed in terms of 1970 prices is calculated in the following way:

1 Data is obtained for gross domestic product at current market prices in the national currencies, (European Commission, 1994:4)

2 This data is then converted to annual increased percentages by multiplying the value for a given year by 100 and dividing by the value for the preceding year and continuing this procedure until all years are accounted for. A set of data thus results for annual percentage increases.

3 The 'price deflator GDP' (European Commission, 1994:26) is then subtracted from the values calculated in '2'. This results in annual percentage increases (or decreases) in GDP in real terms.

4 The value for 1970 for GDP at current market prices is then increased over time on the basis of the increases/decreases calculated in '3'. This provides a data set on real GDP over time.

5 The values in the data set in '4' are then divided by the population (European Commission, 1994:1) to give 'GDP per head, price deflated at 1970 market prices'.

The annual percentage change in GDP, the 'thin' trend line is calculated by multiplying the value for a given year by 100 and dividing by the value for the preceding year and continuing this procedure until all years are accounted for.

5.3. Investigation of Housing outcomes.

5.3.1. Introductory comment.

Section 5.3 investigates the relationships between the dependent and independent variables introduced in Section 5.2. These investigations address the need to provide conclusions about outcomes, a key focus of the main hypothesis to the research (Figure 2). The investigations in this section (5.3) represent three assumptions or further hypotheses about systems of housing supply. The link between these and the main hypothesis was introduced and explained in Sections 2.7 to 2.7.3.

Section 5.3.2 examines the relationship between total levels of housing production on the one hand and the net increase in the number of households and decrease in the housing stock on the other. Section 5.3.3 investigates the relationship between housing production in the private sector and profit and Section 5.3.4 looks at the relationship between housing production in the social sector on the one hand, and levels of unemployment and GDP on the other. Each of the three sections are approached in the following way:

First a rationale for the choice of variables is given and where necessary the explanatory model introduced with underlying assumptions. Second, there is a discussion about the context in which the models can be applied. This is with a view to highlighting their appropriateness and to point out any counter-arguments or weaknesses. Finally, the results are shown by reference to time series trends and to Pearson correlation coefficients.

5.3.2. An investigation of total levels of housing production and total housing need.

5.3.2. (i) Rationale for the choice of variables and explanation of the model.

The main assumption about the total annual level of housing production is that it will be a function of the net increase in the number of households (Section 5.2.3 (i)) and the net decrease in the housing stock due to demolitions, discontinuance, loss and change of use (Section 5.2.3 (ii)). Such an assumption is based upon the premise that these two variables in combination form a housing 'need' model. This can be expressed:

Tp = NHi + NSd, where:

Tp = Total annual housing production (Tables 7,8 and 9, Section 5.2.1)
NHi = Net increase in the number of households (Table 11, Section 5.2.3 (i))
NSd = Net decrease in the housing stock (Table 12, Section 5.2.3 (ii)).

5.3.2. (ii) Context and application of the model.

The model might only be applied, however, where there is initially a general equilibrium, or balance established in the relationship between housing stock and the number of households established. If there are crude housing shortages and the number of households exceeds the size of the housing stock, then it may be that the relationship between total housing production and housing 'need' (NHi + NSd) cannot be reconciled. Where historic housing shortages exist, annual housing production must exceed the annual 'need' (NHi + NSd) in order to catch up with the general shortages. In a situation in which crude or broad housing *surpluses* exist, then total annual production may be less than NHi + NSd since the stock has capacity to absorb the increase in the number of households without the corresponding number of new dwellings being built. Given these possibilities the model proposed should be put into

the context of the relationship between the housing stock and the number of households.

In the case of the United Kingdom (Figure 42, Section 5.2.3. (iii)) and Germany (Figure 44) (Section 5.2.3. (iii)), there are points in time which can be identified at which crude or broad housing shortages were overcome. In the United Kingdom this was the year 1974 (Figure 42) and in Germany 1975 (Figure 44). In the Netherlands, however, there has always been a shortage of housing. These observations are noted in the United Kingdom (D.o.E, 1977) and in the Netherlands (Boelhouwer and Van der Heijden, 1992). On the basis of these backgrounds it might be expected that for the United Kingdom and Germany, that housing 'need' (NHi + HSd) might be a good predictor for total levels of housing production, whilst the relationship between the two variables 'need' and 'production' in the Netherlands may be less strong. This point is examined in Section 5.3.2 (iii) below.

5.3.2. (iii) Results.

Figures 60, 61 and 62 show the relationships between housing production, household increase and stock decrease for the three countries.

Generally, there is a convergence in the relationship between the total volume or level of housing production and the 'need' (Nhi + Hsd) for housing for all three countries (Oxley, Golland and Carter, 1994:20). The gap between the two variables can be seen to narrow, particularly since the late 1970s. This factor means that when the two variables are correlated, it is unlikely that the correlation coefficients will be high. Nevertheless, this is not to say that they are insignificant. The trends in the figures show some broad positive relationships between the variables.

5.3.2. (iii) (a) The United Kingdom.

The Pearson co-efficient of correlation for the United Kingdom (Figure 60) over the period 1970-1993 is 0.395.

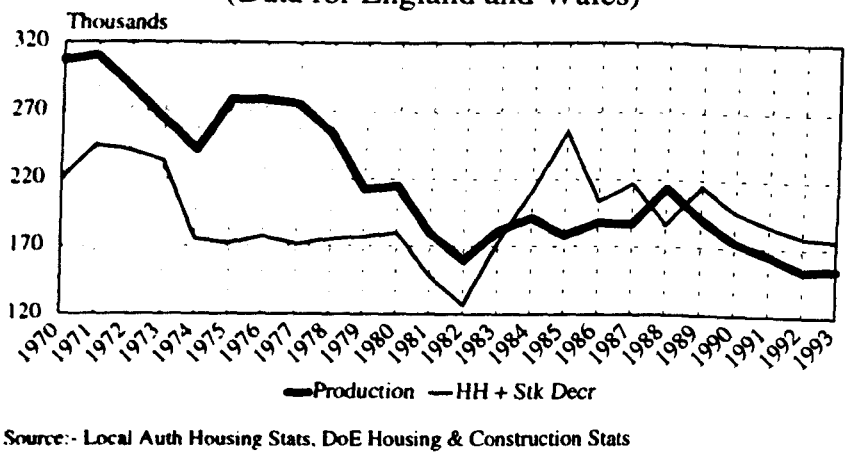


Figure 60

The relationship between the two variables, however, for the years 1974 to 1993, provides a much lower correlation co-efficent of -0.107. This is the period which should be considered as one during which broad housing shortages were over (Figure 42). The correlation is marginally negative, suggesting that housing production falls as housing need increases, and vice-versa. Figure 60 shows that during the mid 1970s housing production rose significantly relative to the 'need' (NHi + Nsd) trend. This may be explained by the increase in local authority housing production between the years 1974-1978.

5.3.2. (iii) (b) The Netherlands.

The relationship between the two variables in the Netherlands over the period 1970 to 1993 provides a co-efficient of correlation of 0.491. This proves to be the strongest of all the three countries, and these are shown in Figure 61.

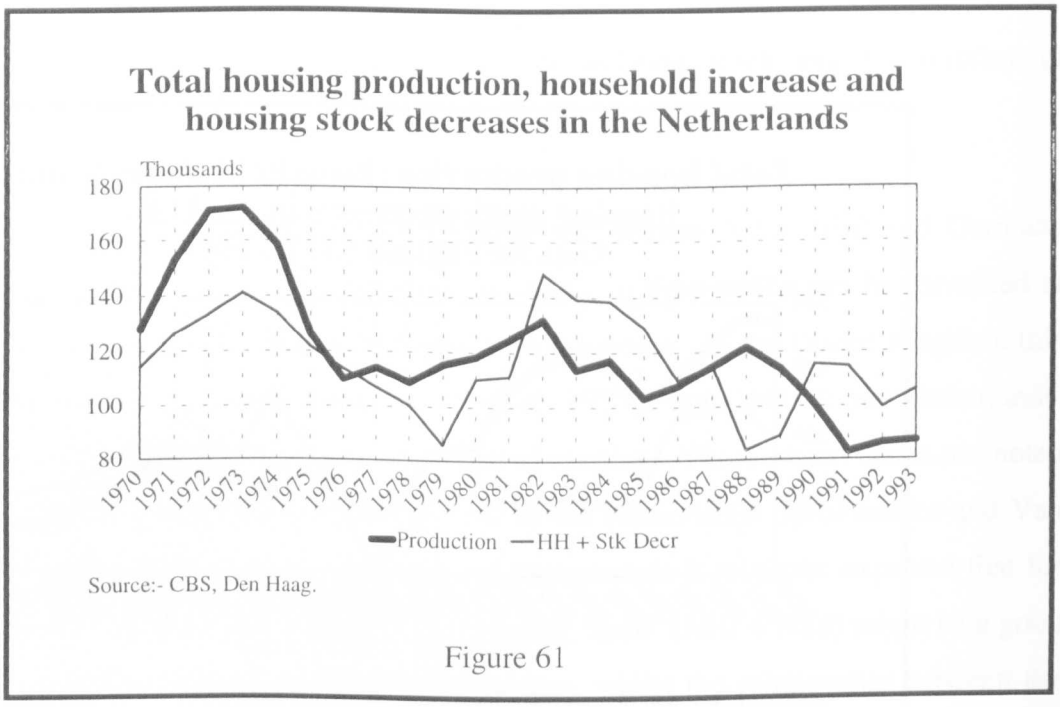


Figure 61

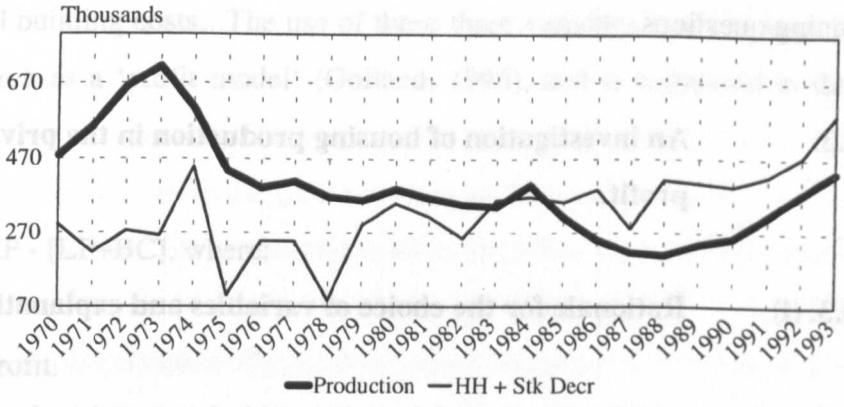
This is perhaps not a surprising conclusion, given the way the system of supply was described in Chapter 4. A centrally planned system with good co-ordination and co-operation may be expected to produce this sort of result. The correlation would clearly be higher, were it not for some apparent over-production in the early 1970s and late 1980s.

This strong relationship may be seen to be rather odd (Section 5.3.2. (ii)) in the context of broader housing shortages in the Netherlands. Figure 43 shows an excess of households over housing stock. Why this happens cannot be explained within this research, which is concerned with *trends* rather than *absolute differences*. That is to say, the interest is in the extent to which the trends follow and track each other, rather than in the difference in their heights. There is no attempt in this research to explain, or predict one variable, given the value of another. The problem may be the result of some investment shortfall, although this is conjecture only.

5.3.2. (iii) (c) Germany.

The relationship between the two variables in Germany is shown in Figure 62. The co-efficient of correlation over the period 1970 to 1993 is -0.209.

Total housing production, household increase and housing stock decreases in Germany



Source:- Statistiches Bundesamt, BMBau.

Figure 62

This correlation indicates that as one variable rises, the other falls; at worst, housing production falls as housing 'need' rises. To some extent, however, it is possible to discount the period 1970 to 1974 from the analysis, on the grounds that broad housing shortages would mean that housing production always exceeded housing need (NHi + HSd). The housing stock did not exceed the number of households until 1975 (Figure 44). The co-efficient of correlation for the period 1975 to 1993 is positive, although only marginally so, at 0.0785. It is hence a weak relationship.

A number of factors may explain this, in addition to the suggestion in Chapter 4, that the German system of housing supply lacked full integration. One of the most important factors, which may be considered part of the 'environment', as oppose to the 'system', is the issue of immigration and emigration. Fluctuations in these two factors are held to be particularly significant in Germany (Bucher, 1993:254). Research suggests (Ibid) that the rather violent fluctuations in the 1970s and the late 1980s in number of households (Figure 62) may be associated with issues of households moving across borders. This may make it difficult for the Länder and central government to reconcile production with changes in the general level of housing need.

The problem of reconciling these two trends therefore, may result as much from external factors, beyond the control of the system of supply, as it does from land or planning questions.

5.3.3. An investigation of housing production in the private sector and profit.

5.3.3. (i) Rationale for the choice of variables and explanation of the model.

In this section an investigation of the relationship between housing production in the private sector, as defined in Section 5.2.2 (iii) (a), and profit is undertaken. The underlying assumption of this investigation is that 'profit' will determine levels of house building in the private sector. This expectation derives from the work of Ambrose and Barlow (1987:111), who argue:

> 'that in most countries three factors are important in influencing the level of new house building: (1) direct capital investment by the state for public housing; (2) state support for production and consumption; and (3) changes in the profitability of house building within the private sector.'
>
> (Ambrose and Barlow, 1987:111)

Ambrose and Barlow use the term 'profitability' as an explanation for the level of house building in the private sector. What is meant by the term is not explained, probably because they are concerned with the broader production picture. Profitability, however, can be measured in several ways. It would be possible, for example, to take the profit and loss accounts of house building companies and correlate these figures in some way with house building levels of those companies. Alternatively the financial market standing may give an indication of the profitability of a house builder. That is to say, the stock markets' valuation of a company. In some countries, these approaches may work better than in others. It may be the case, however, that such an exercize relies on the acquisition of information that is confidential or very difficult to compare.

The approach to Ambrose and Barlow's 'profitability' therefore, is a simpler one. This relies on the three variables introduced in Section 5.2., namely house prices, land prices and building costs. The use of these three variables leads to what is termed in this research as a 'profit model' (Golland, 1996), and is expressed in the following way:

π = HP - [LP+BC], where:

π = Profit.
HP = House prices.
LP = Land prices.
BC = Building costs.

This model can be linked to the assumptions of demand and supply in neo-classical economics, whereby supply of a commodity increases and decreases in line with increases and decreases in the price of that commodity (Begg et al, 1989:44). Translating this theoretical assumption in a broad way to the relationship between housing supply in the private sector, and levels of profit, it may be expected that as profit increases and decreases, housing supply will respond in an elastic way.

Where 'all other things equal' applies, the assumption leads to a possibility that housing supply is unlimited, where profit is unlimited. Equally, where profit is nil, housing supply may shrink to nil. In practice, however, there are a number of factors which affect the assumptions of the model and which it is useful to outline before an analysis of the results is carried out. These factors are considered in Section 5.3.3. (ii) below.

5.3.3. (ii) Context and application of the model.

The first of these 'factors' (Section 5.3.3 (i)) suggests that levels of housing production in any *particular* sector may be linked to production in other sectors. This

may be the case where total levels of housing production are regarded as being fixed by demographic trends. Housing production levels in any one sector may then not be unlimited under neo-classical conditions because there is a 'ceiling' created by total housing need. If this is the case, then government decision-making plays a very important role, and production in private and social sector may be inter-dependent to some extent. It may be that one sector is regarded as performing a 'residual' role to the other. Such a focus has been provided by Malpass (1990) in respect of housing production in the United Kingdom since the early 1980s.

The way in which governments relate to housing markets highlights a second potential factor affecting the relationship between profit and private sector production. This factor questions the underlying assumptions of the construction of the model of 'profit' assumed in this section. It considers the relationship between housing suppliers and the development environment in which they operate. It questions simply whether the model assumed reflects the way in which development is actually carried out in any one or more of the three countries. It is evident from recent research that a high priority is being given to this 'environment'; consistently, the role of land in the model of housing supply is questioned. Sometimes the investigation is of a specific nature (MVROM, 1991b; B.M.Bau, 1993a), but at other times there is an attempt is to try and say something evaluative about land supply and its implications for housing production (Barlow and Duncan, 1994; B.M.Bau, 1993; MVROM, 1991a). Needham (1992) has analysed in detail land supply through the public sector and Barlow and Duncan (1994) have compared three different modes of land supply in the examples of Britain, France and Sweden. The main purpose in re-emphasizing these studies is state that although a 'private' sector is considered, this sector may operate under very different circumstances.

Measuring housing production by sectors of supply: 'absolute' or 'percentages' measures?

The way in which housing production can be measured is suggested to be twofold. The first possibility is to use *absolute* data. The second way is to measure production by a sector, as a *percentage* or *proportion* of total housing production.

There are arguments for and against both methods, which apply equally whether private or social sector are being measured. The use of absolute data is probably more apposite where the assumption is that the determining factors for levels of housing production are limited or few in number. This approach may be closer to the neo-classical assumptions of supply, demand and price formation, outlined in Section 5.3.3 (i). The approach however, has a potential disadvantage in that the way of measuring production is not linked to the overall or total trend in housing production. Thus, production in the private sector can be falling, a consequence of overall demand or need falling, whilst profit is rising, and vice-versa. This possibility may lead to an entirely wrong conclusion about the relationship between profit and production.

The use of percentages is probably more apposite where the assumption is that there is a strong inter-relationship between government, the private sector and other sectors. Using percentages of total production provides the conceptual advantage that production trends of individual sectors are put into the context of overall production trends. However, the use of this approach, may require a more complex understanding of the role of states and markets.

Neither of these measures should be promoted before the other. In Section 5.3.3. (iii), sub-sections (a) to (c), both measures are used and it shown thereby how different measures can lead to different conclusions. In using both measures there is a check, it is argued. In using both measures, a correlation between outcomes is provided. Both those who perceive housing supply from neo-classical perspective, as well as those who may assume there is some form of 'numbers game' being played between government and sectors, are allowed to analyse alternative viewpoints. This dual

approach provides for some interesting conclusions. These issues are discussed in Section 5.3.3. (iii).

5.3.3. (iii) Results.

Figures 63, 65 and 67 show the relationship between private sector production and profit, using the *absolute* measure of production. Figures 64, 66 and 68 show the relationship between private sector production and profit, where production is expressed as a *percentage* of total production. Section 5.3.2 (iii) sub-sections (a) to (c), showed some common trends between the three countries which related to total production and total housing need. These converging trends are however not reflected in the investigations of private sector production. Comment is therefore restricted to the examination of the relationships in each country.

5.3.3. (iii) (a) The United Kingdom.

Data on housing production in the private sector is derived from Table 7, column 'e' (Section 5.2.1 (i)) Data on 'profit' is derived by applying the formula in Section 5.3.3.(i) to the data sets on house prices, land prices and building costs in Tables 45, 48 and 51.

The relationship between private sector production and 'profit' provides a correlation of -0.058, where production is expressed in *absolute* terms. The trends are provided in Figure 63, and the correlation relates to the period 1970 to 1993.

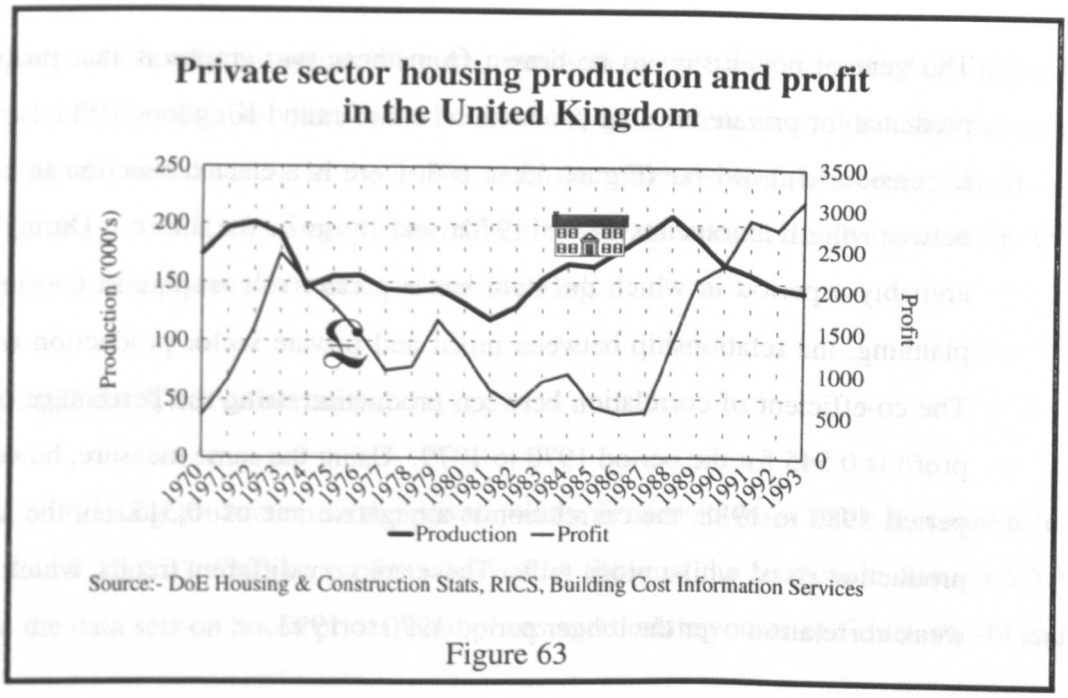


Figure 63

The relationship between private sector production and profit provides a correlation of 0.219, where private sector production is expressed as a *percentage of total production*. The trends are provided in Figure 64, and the correlation relates to the period 1970 to 1993.

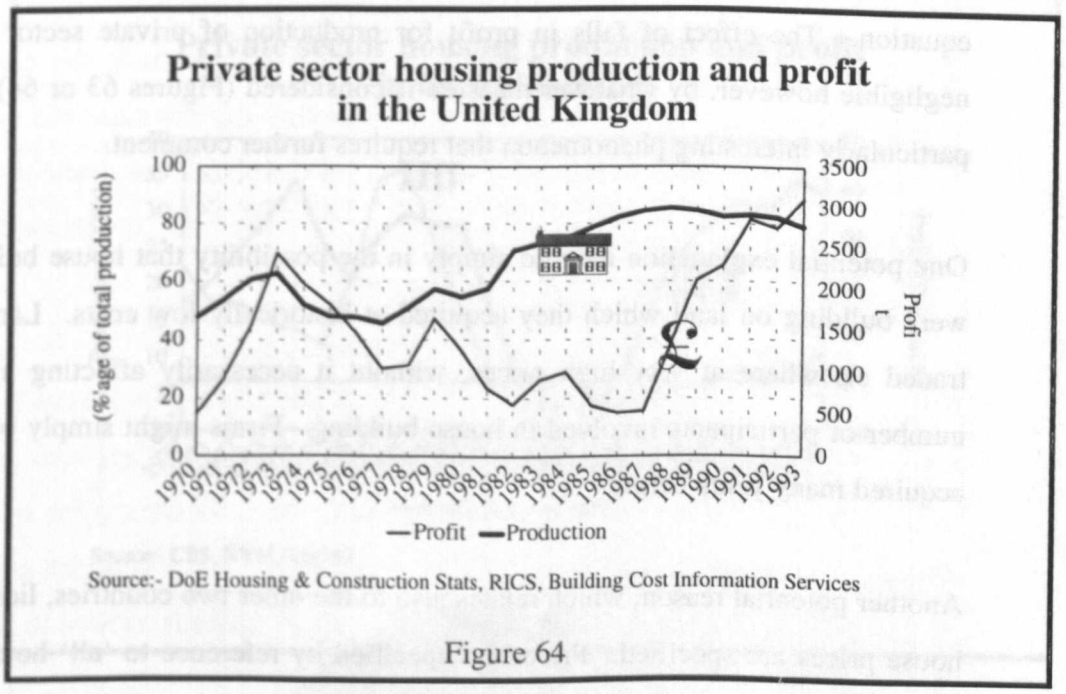


Figure 64

The general conclusion to be drawn from these two graphs is that profit is a poor predictor for private housing production in the United Kingdom. Whichever measure is considered, however (Figure 63 or 64), there is a clear distinction to be identified between the relationships in the 1970s and those in the 1980s. During the 1970s, arguably a period in which the state had a greater role to play in housing, land and planning, the relationship between profit and private sector production was positive. The co-efficient of correlation between production using the percentage measure and profit is 0.545 for the period 1970 to 1979. Using the same measure, however, for the period 1980 to 1988, the correlation is a negative one of -0.313. In the latter period, production rises, whilst profit falls. These are very different trends, which leads to the weak correlation over the longer period 1970 to 1993.

There are a number of potential explanations for the change in trend since the late 1970s. The political change of power should perhaps not be overlooked. The relaxation of land and planning policies may have affected the relationship. Figure 48 shows that land prices in particular rose very fast during the 1980s: faster in real terms than the other two variables, house prices and building costs (Figures 45 and 51). This has an effect of reducing profit since land is considered as a 'cost' element in the equation. The effect of falls in profit for production of private sector housing is negligible however, by whatever measure is considered (Figures 63 or 64). This is a particularly interesting phenomenon that requires further comment.

One potential explanation may lie simply in the possibility that house building firms were building on land which they acquired at historically low costs. Land could be traded elsewhere at very high prices, without it necessarily affecting a significant number of participants involved in house building. Firms might simply built on land acquired many years before.

Another potential reason, which relates also to the other two countries, lies in the way house prices are specified. Prices are specified by reference to 'all' housing (in the United Kingdom) and 'existing' housing in the Netherlands and Germany. Using the existing housing stock as a basis for looking at new production assumes that housing

suppliers sell housing at prices related to trends in the existing market. This may not happen. If, for example, there could be shown to be a divergence in the trend between existing and new housing in the 1980s, then the relationship might be explained. It would suggest that housing suppliers in the private sector simply passed on the increasing land prices in the price of new housing.

5.3.3. (iii) (b) The Netherlands.

Data on housing production in the private sector is derived from Table 8, column 'e' (Section 5.2.1 (ii)). Data on profit is derived by applying the formula in Section 5.3.3 (i) to the data sets on house prices, land prices and building costs in Tables 46, 49 and 52.

The relationship between private sector production and profit provides a correlation of 0.415, where production is expressed in *absolute* terms. The trends are provided in Figure 65, and the correlation refers to the period 1970 to 1993.

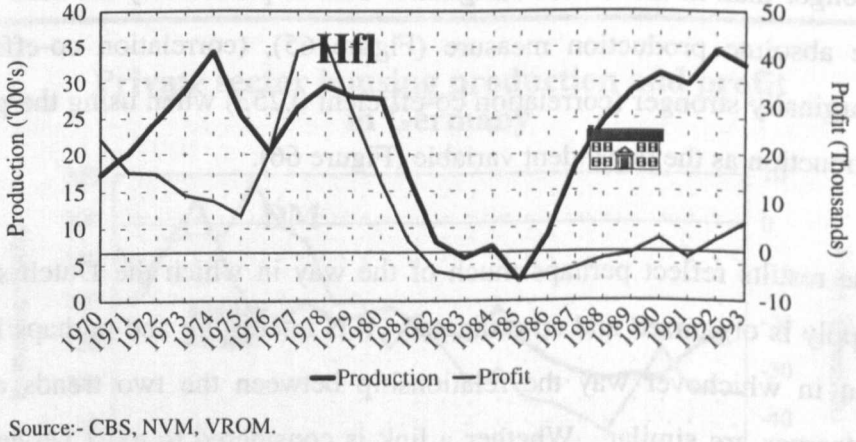


Figure 65

The relationship between private sector production and profit provides a correlation of 0.253, where private sector production is expressed as a *percentage of total production*. The trends are provided in Figure 66, and the correlation refers to the period 1970 to 1993.

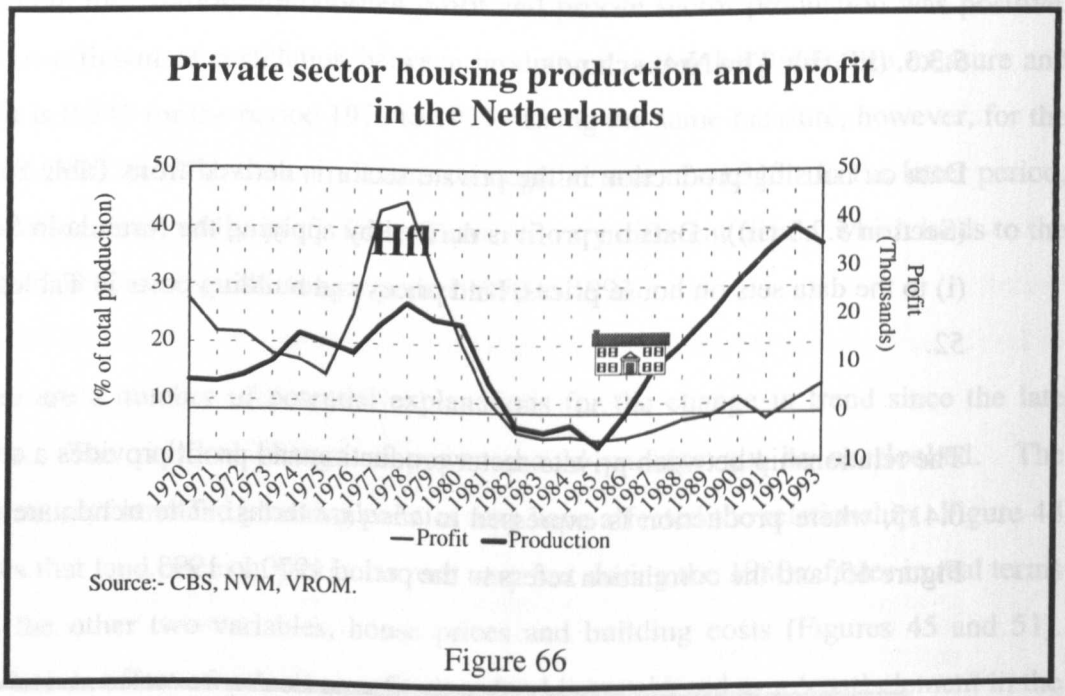


Figure 66

The relationship between private sector production and profit in the Dutch case is stronger than in the United Kingdom. This is particularly the case when considering the absolute production measure (Figure 65), (correlation co-efficient 0.415) and marginally stronger (correlation co-efficient 0.253) when using the percentage of total production as the dependent variable (Figure 66).

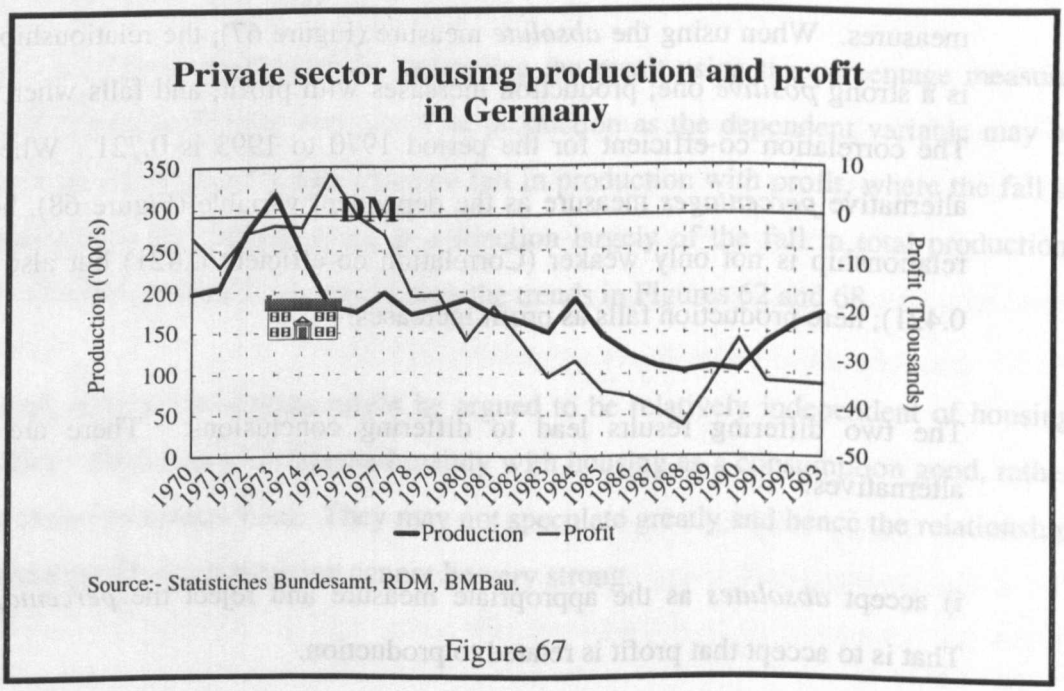
The results reflect perhaps much of the way in which the Dutch system of housing supply is organized and co-ordinated. It is interesting and perhaps instructive to note that in whichever way the relationship between the two trends are measured, the outcomes are similar. Whether a link is considered to exist between private sector, government and social sector, or whether the private sector is viewed to function in a wholly distinct environment, the outcomes are similar.

As in the United Kingdom, however, the results highlight changes in the relationships over time. This is particularly evident since the mid 1980s, a time at which land policy was significantly relaxed. The trend in the two variables, whilst moving in the same upward direction (Figures 65 and 66), is nevertheless divergent, where high levels of production appear to be achieved with apparently low levels of profit. As in the United Kingdom, this may be happening since market builders are passing on costs to consumers, which do not appear in the profit model, since the model utilizes existing housing market prices rather than new ones.

5.3.3. (iii) (c) Germany.

Data on housing production in the private sector is derived from Table 9, column 'g' (Section 5.2.1 (iii)). Data on profit is derived by applying the formula in Section 5.3.3 (i) to the data sets on house prices, land prices and building costs in Tables 47, 50 and 53.

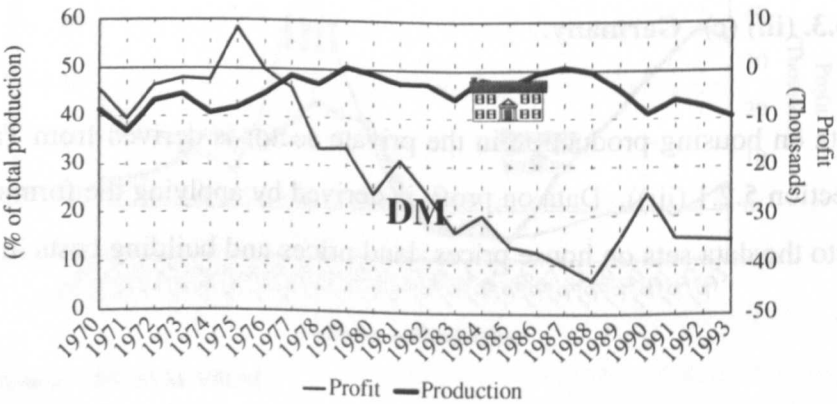
The relationship between private sector production and profit provides a correlation of 0.721, where production is expressed in *absolute* terms. The trends are provided in Figure 67, and the correlation refers to the period 1970 to 1993.



Source:- Statistiches Bundesamt, RDM, BMBau.

Figure 67

The relationship between private sector production and 'profit' provides a correlation of - 0.421, where private sector production is expressed as a *percentage of total production*. The trends are provided in Figure 68, and the correlation refers to the period 1970 to 1993.



Source:- Statistiches Bundesamt, RDM, BMBau.

Figure 68

The case of Germany demonstrates in particular the care that is needed when selecting measures. When using the *absolute* measure (Figure 67), the relationship with profit is a strong *positive* one; production increases with profit, and falls when profit falls. The correlation co-efficient for the period 1970 to 1993 is 0.721. When using the alternative *percentages* measure as the dependent variable (Figure 68), however, the relationship is not only weaker (Correlation co-efficient 0.421) but also *negative* (- 0.421); here production falls as profit increases!

The two differing results lead to differing conclusions. There are hence two alternatives:

i) accept *absolutes* as the appropriate measure and reject the *percentage* measure. That is to accept that profit is related to production.

ii) accept the *percentages* measure and reject the *absolutes* measure. That would be to conclude that profit is unrelated to private sector production.

Accept the conclusion using the absolute measure and reject that of the percentages measure?

The argument for doing this might query why there should under any circumstances be a relationship between the percentage of total housing supplied by the private sector and profit.

The approach might further suggest that production by private households in Germany must in some way be related to the variables: if not all, then at least one or two. When considered in a profit model these variables must provide a broad reflection of the absolute trend in production.

A third argument might indicate that the strong positive correlation, if not indicating causation, should not be wholly disregarded.

Accept the conclusion using the percentages measure and reject that of the absolute measure?

There are two main reasons for promoting the result using the percentage measure. First the relationship between absolute production as the dependent variable may be seen to be the result of a co-incidental fall in production with profit, where the fall in production in the private sector is a function largely of the fall in total production. This can be appreciated by considering the trends in Figures 62 and 68.

Second, private households might be argued to be relatively independent of housing markets. They may be concerned mainly with housing as a consumption good, rather than as an investment item. They may not speculate greatly and hence the relationship between profit and production cannot be very strong.

These are some arguments for either option. The final conclusion, must be, however, that the relationship between private sector production and profit is an uncertain one in Germany.

Review: why does the profit model not fulfil expectations?

The model:

$\pi = HP - [LP+BC]$,

has been shown to have only limited success. This was primarily in the Dutch case. For the United Kingdom, it did not meet the assumption, whilst in Germany the investigation proved to be inconclusive. In Section 5.3.3 (ii), it was suggested that the model in the form above may not be apposite for all countries. Two alternatives which may be forwarded are:

a) A 'Cost' model, where production = LP + BC.
b) A 'Residual' model, where production is a function of HP-BC.

Such a re-shuffling of the elements in the model may provide higher correlation. For example, in the United Kingdom, where speculation in the land market plays a greater role, this may be better reflected in a model of land price trends, than it is in the existing profit model form. That is to say, 'land' may form part of the 'profit'. In the Netherlands, the model was shown to provide significant correlations. In Germany it may be more instructive to correlate the addition of land and building costs with the supply of housing by private households, on the assumption that private households are more concerned with consumption rather than investment.

These comments are hypothetical. They may serve future research questions. They are mainly tangential to the findings of this section. However, the comments are included since they are seen to question a methodology which makes assumptions

about a relationship between systems and environment which holds across different countries. The findings may question the conceptualization of structure.

5.3.4. An investigation of housing production in the social sector, unemployment and gross domestic product (GDP).

5.3.4. (i) Rationale for the choice of variables.

Unlike in Sections 5.3.2 and 5.3.3 there is no encompassing 'model' used to investigate a production issue. In section 5.3.4, production in the social sector is examined in the context of two macro-economic variables. These are levels of unemployment and changes in the level of GDP. Why and how might there be such a relationship between these variables and production in the 'social' sector? The assumptions are that:

a) Levels of unemployment may indicate a need for social housing. The assumption works in such a way that the higher the level of unemployment, the greater the 'need' for social housing, and vice-versa. Levels of unemployment are seen to be a key variable in the broader housing picture. The expectation is that the relationship will be a positive one.

b) Levels of Gross Domestic Product indicate also a broad 'need' for social housing. The assumption is, however, that this will apply in an inverse way; as levels of GDP rise, so production in the social sector will fall, and vice-versa. Increases in GDP are deemed to indicate an increase in demand for production from 'other' sectors of supply; people under these circumstances express a preference, for example, for home ownership.

5.3.4. (ii) Context and application.

In considering these assumptions, it is important to review their purpose, which was explained in Section 2.7. This stated that the adoption of such assumptions was to

provide further understanding about systems of supply and their outcomes and in particular to confirm or reject understanding about the main hypothesis which relates to systems and the way they are structured. In so far as this is concerned, the assumptions made about social housing provide this context. These assumptions, or further set of hypotheses, can help to describe the relationships between systems, structure and outcomes.

It would be wrong to pretend, however, that the variables selected in some way might be the sole or even primary determinants of social housing production. There may be good a priori reasons for selecting, for example, levels of government spending as a measure. Such a variable may be better in helping to explain differences between countries in levels of social housing provision. However such variables have some not inconsiderable definitional problems. This stated, there are reasons why the variables chosen, namely levels of unemployment and gross domestic product may not fulfil the assumptions made. These are now set out.

The first of these perhaps concerns the importance of unemployment. Is this significant in the context of the economy? do large increases in unemployment, for example, 'demand' more social housing or is unemployment regarded as a more marginal issue? Also what is the nature of unemployment? Is it short-term in which case households may move temporarily into the social rented sector but soon afterwards into ownership? Or is it long term, perhaps a result of structural unemployment? How do these issues affect the production of social housing?

Second is the question of the aim or purpose of building social housing. There could be a confusion between housing need associated with general shortages and need associated with unemployment, low incomes or other criteria.

Social housing production might also not necessarily be a response to increases in unemployment but a *source of its alleviation*; the idea that by building more houses, unemployment in the building industry can be reduced.

The assumption about GDP and its relationship with social housing production can also be challenged on the basis that increases in GDP may in practice lead to increases in social housing production. Indeed increased GDP may be the product of one of its components. Much of the discussion and argument will depend upon the way in which GDP is constituted or weighted. GDP may be highly influenced by consumption levels. Alternatively it may be strongly affected by levels of investment. This weighting can be very significant for the way in which social housing production is considered.

5.3.4. (iii) Results.

Figures 69, 71 and 73 show the relationship between social sector production and unemployment, using the absolute measure of production. Figures 70, 72 and 74 show the relationship between social sector production and unemployment, where production is expressed as a percentage of total production.

Figures 75, 77 and 79 show the relationship between social sector production and changes in Gross Domestic Product, using the absolute measure of production. Figures 76, 78 and 80 show the relationship between social sector production and changes in Gross Domestic Product, where production is expressed as a percentage of total production.

5.3.4. (iii) (a) Social housing production and unemployment.

5.3.4. (iii) (a. i) The United Kingdom.

Figures 69 and 70 show the relationship between production of housing in the social sector and unemployment. The social sector is represented by a combination of housing association and local authority housing supply (Table 10).

Both figures show a strong negative relationship over time where social housing production falls whilst unemployment, which is the percentage of the civilian labour

force unemployed, rises. 1980 marks the year in which the trend lines cross, in accordance with the scales used in the diagram.

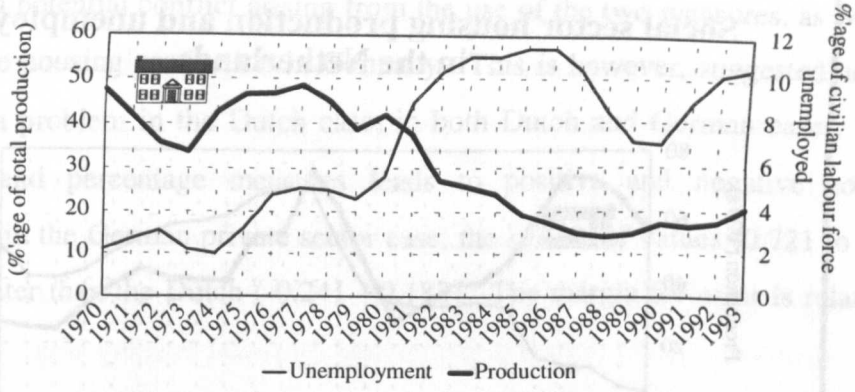
Social sector housing production and unemployment in the United Kingdom.

Source:- DoE Housing & Construction Stats, European Commission

Figure 69

Figure 69 shows social housing production and unemployment, where social housing is expressed in *absolute* terms. Although the relationship is strongly negative, resulting in a Pearson correlation co-efficient of -0.841, there is perhaps a worthwhile observation to be made about the period 1973 to 1979 in which the relationship is in fact positive; social housing production increasing and decreasing with unemployment. This period was one in which local authority production rose significantly. How much this was a response to unemployment or the prevailing economic climate is difficult to ascertain; the relationship could be circumstantial. It does however stand out as an exception to the trend. The trend in the social sector over the 1980s has been a downward one against an increasing rate of unemployment. The period 1986-1990 is the only exception, a time of increased economic growth.

Social sector housing production and unemployment in the United Kingdom.



Source:- DoE Housing & Construction Stats, European Commission

Figure 70

The conclusion that the relationship between social housing production and unemployment is a negative one, is supported by the results shown using the *percentage* measure; social housing production as a percentage of total production (Figure 70). The correlation over the period is slightly weaker but is nevertheless significant at -0.765. The trends in Figures 69 and 70 are remarkably similar and hence do not warrant further comment; the one measure confirms the finding of the other.

5.3.4. (iii) (a. ii) The Netherlands.

Figures 71 and 72 show the relationship between production of housing in the social sector and unemployment in the Netherlands. The social sector is represented by a combination of housing association and municipal housing supply (Table 10).

The Netherlands provides very different trends to those in the United Kingdom. Figure 71 shows that although the relationship between the two variables is negative, this is a weaker negative relationship; a Pearson co-efficicient of correlation of - 0.241 results for the period 1970 to 1993. Figure 71 relates to production expressed in *absolute* terms.

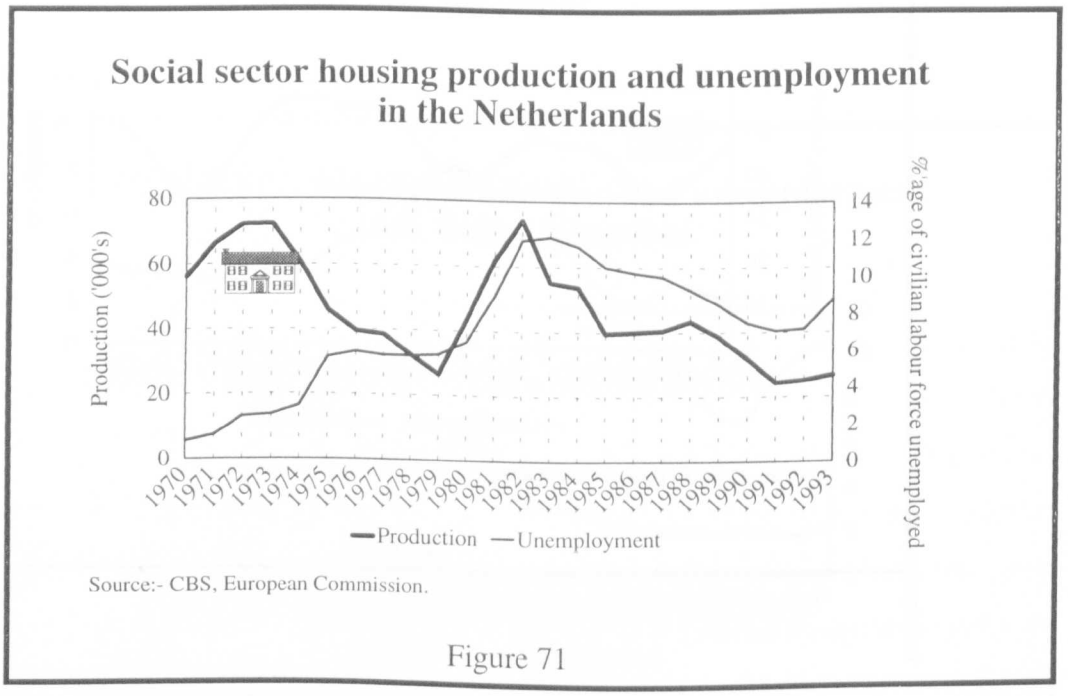


Figure 71

Figure 72, in which social housing production is expressed as a *percentage* of total production, provides, however, a positive relationship between the two variables. A co-efficient of correlation of 0.183 results for the period 1970 to 1993.

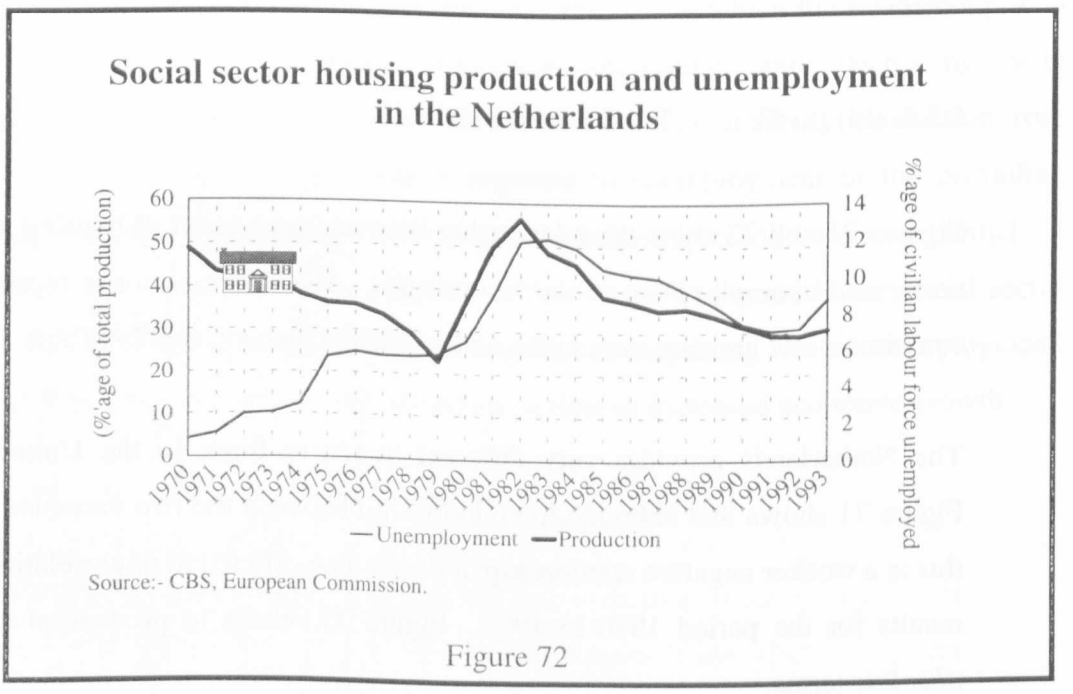


Figure 72

There is a potential conflict arising from the use of the two measures, as was the case for private housing production in Germany. This is however, suggested not to be so much of a problem in the Dutch case; in both Dutch and German cases, the use of absolute and percentage measures leads to positive and negative correlations. However, in the German private sector case, the *spread* of values (0.721 to -0.421) is much greater than the Dutch (-0.241 - 0.183). The margin for error is relatively less therefore.

The relationship between social housing production and unemployment in the Netherlands is affected by two main trends. The period 1970 to 1978 shows an inverse relationship, whilst that from 1979 to 1993 shows a positive relationship. In the latter period the coefficients of correlation are 0.389 and 0.190 for absolute and percentage measures respectively.

The shifts in these trends in the late 1980s are to be linked with a changing private housing market. It can be noted from Figures 65 and 66, how the level of profit rose from 1975 to 1978 and then fell dramatically between 1979 and 1982. This decline in private sector supply is compensated for by social housing supply during the early 1980s (Figures 71 and 72).

How production was switched between tenures is an interesting phenomenon in the Netherlands. It does not occur in the United Kingdom or Germany to such an extent, or so starkly. It may reflect broader differences between the systems to do with land supply and housing production policy.

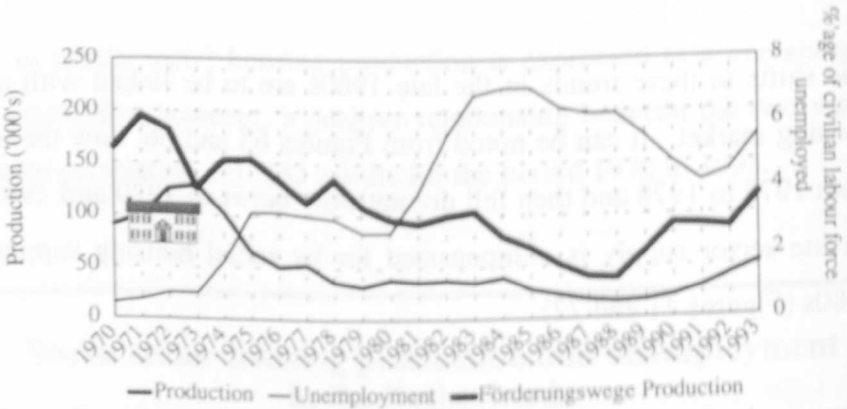
5.3.4. (iii) (a. iii) Germany.

Figures 73 and 74 show the relationship between production of housing in the social sector and unemployment in Germany. The social sector is represented by the

Gemeinnützige Unternehmen and a small amount of municipal and state housing (Table 10).

The relationship between social housing production and unemployment in Germany mirrors to some extent that in the United Kingdom. There is in both countries a strong inverse correlation between the two variables. In Germany, the correlation for the relationship between *absolute* volume of social housing production and unemployment is -0.803 (Figure 73), whilst the same relationship using the *percentage* of total production constituted by social housing (Figure 74) is -0.824, reinforcing the conclusion that as unemployment rises, production of social housing falls.

Social sector housing production and unemployment in Germany

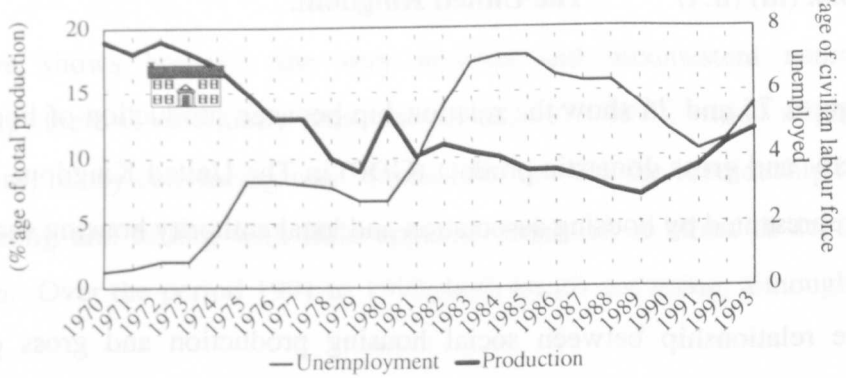


Source:- Statistiches Bundesamt, BMBau, European Commission.

Figure 73

Figures 73 and 74, shows that unlike in the Netherlands, the sharp rise in the percentage of the civilian labour force unemployed, which occurred in the early 1980s, had little effect on social housing supply, which continued to decline until the late 1980s.

Social sector housing production and unemployment in Germany



Source:- Statistiches Bundesamt, BMBau, European Commission.

Figure 74

This could be seen as a marginalizing of the social sector in a similar way to that which has occurred in the United Kingdom. There is a need, however, to consider the basis upon which this conclusion might be reached; social housing is measured by the volume of production from the Gemeinnützige Unternehmen. As was argued in Section 5.2.2 (iii) (b), this sector is perhaps the best representative of social housing production in the comparative light. In the German context, however, it should be recalled that social housing emanates from a number of different sources (Section 4.5.5 (iv)). It may be interesting to see what happens when a different measure of social housing is adopted.

If the three Förderungswege, or methods of social housing promotion are used as a measure, the conclusions are not significantly different. Figure 73 shows the trend for social housing, when this is defined according to the Förderungswege. The main consequence of using this broader measure is to shift the point at which the trend in house building and unemployment cross, from 1975 to 1981 (Figure 73). Using the Förderungswege as the measure, does not, however, alter the inverse relationship between social housing supply and unemployment.

5.3.4. (iii) (b) Social housing production and Gross Domestic Product.

5.3.4. (iii) (b. i) The United Kingdom.

Figures 75 and 76 show the relationship between production of housing in the social sector and gross domestic product (GDP) in The United Kingdom. The social sector is represented by housing association and local authority housing supply (Table 10).

The relationship between social housing production and gross domestic product, (price deflator at market prices, annual percentage change) is shown for the United Kingdom in Figure 75, where the *absolute* volume of social housing supply is considered. The assumption about this relationship is that as levels of GDP rise, social housing production will fall.

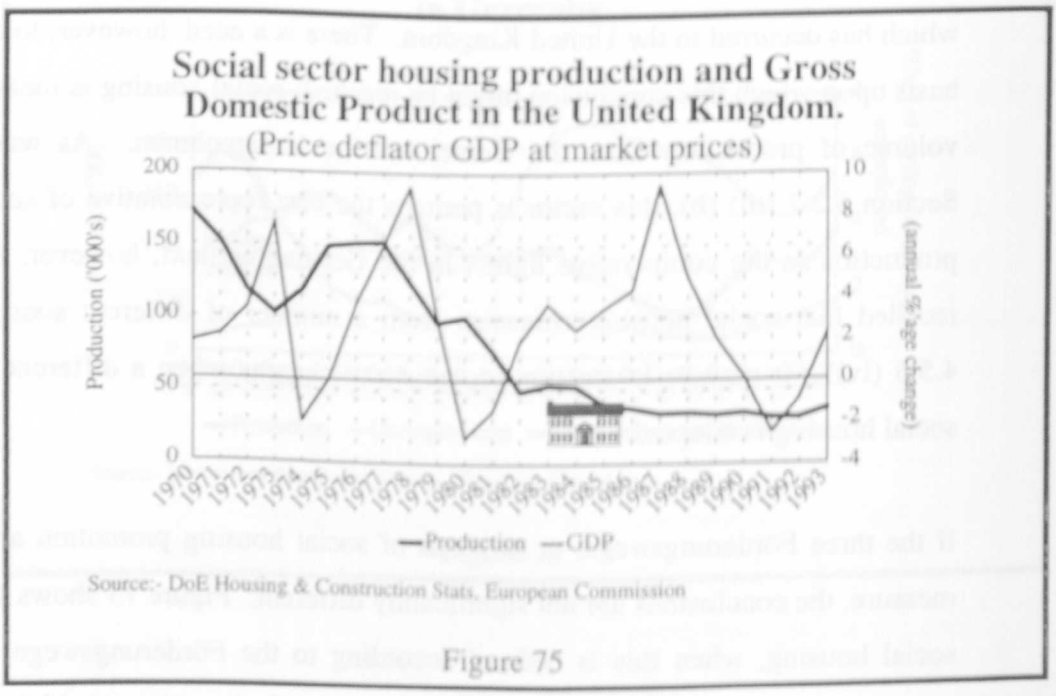


Figure 75

Figure 75 shows that in the case of the United Kingdom, this assumption is not supported. The coefficient of correlation for the period 1970 to 1993 is 0.108. This is positive, suggesting that the absolute volume of social housing production increases and decreases with line with changes in gross domestic product. That is to say that as

the value of GDP changes in an upward direction, social housing production also increases.

The figure shows however the very tenuous and inconsistent nature of this relationship; there is essentially only one period, 1973-1977, which might fulfil the assumptions, in any convincing way. From 1980 to 1991 the relationship is such that GDP is rising and falling with little apparent response in terms of social housing production. Over the period 1991 to 1993, both trends are rising, although GDP at a faster rate.

A weak relationship is also observed when social housing production is expressed as a *percentage* of total housing production (Figure 76). The co-efficient of correlation between the two variables for the period 1970 to 1993 is 0.0262.

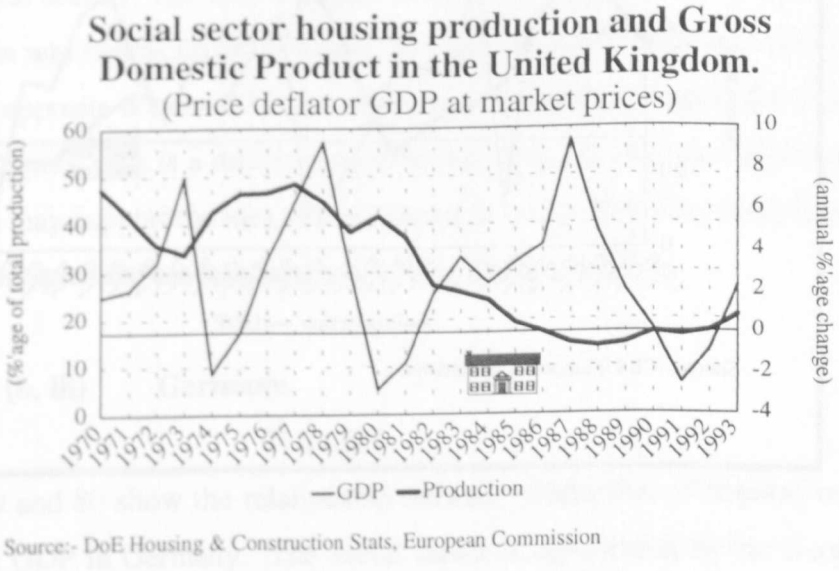


Figure 76

The annual percentage change in GDP in the United Kingdom shows a very volatile trend. The range is from -3% to + 10%. These trends question the ability of social housing supply to respond in the event of cyclical housing markets.

5.3.4. (iii) (b. ii) The Netherlands.

Figures 77 and 78 show the relationship between production of housing in the social sector and Gross Domestic Product in The Netherlands. The social sector is represented by housing associations and municipalities. (Table 10).

Figure 77 shows the relationship between changes in GDP and social housing, which is expressed in *absolute* terms. A co-efficient of correlation of 0.375 results for the period 1970 to 1993. This is an entirely different relationship to that in the United Kingdom.

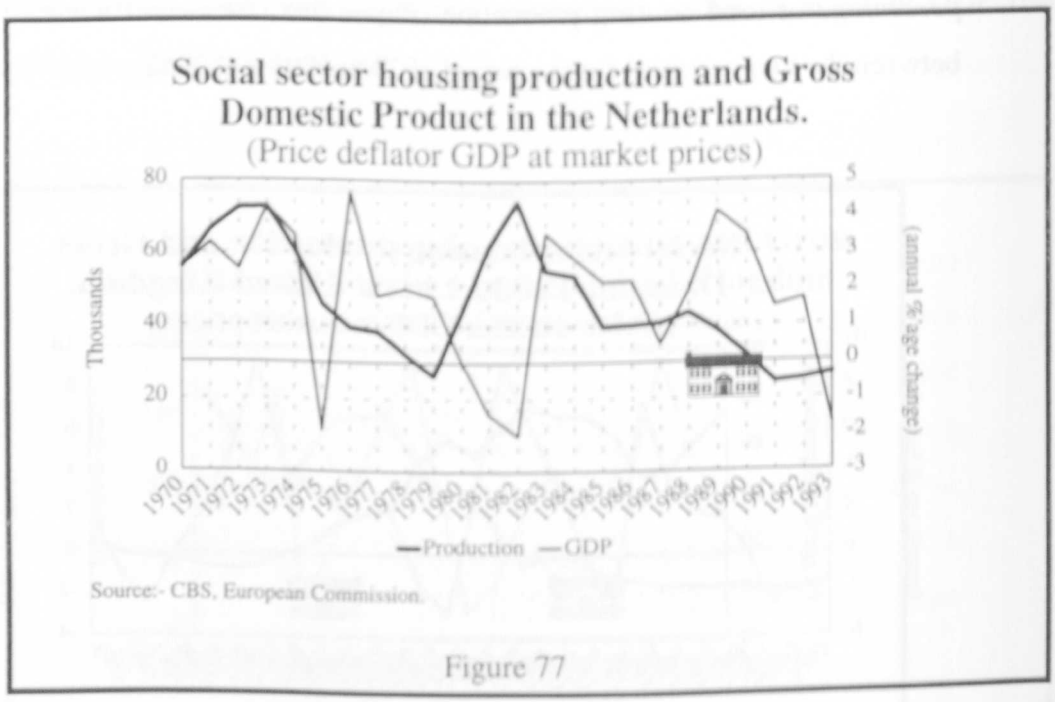
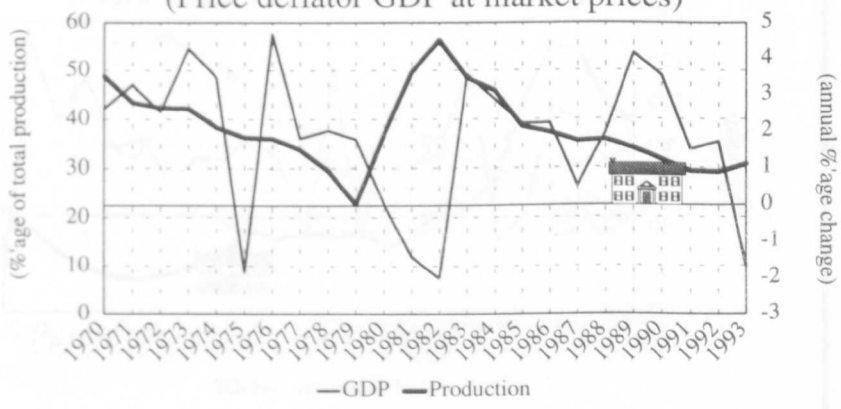


Figure 77

Figure 78 shows the relationship between changes in GDP and social housing, which is expressed as a *percentage* of total production. A co-efficient of correlation of 0.409 results for the period 1970 to 1993.



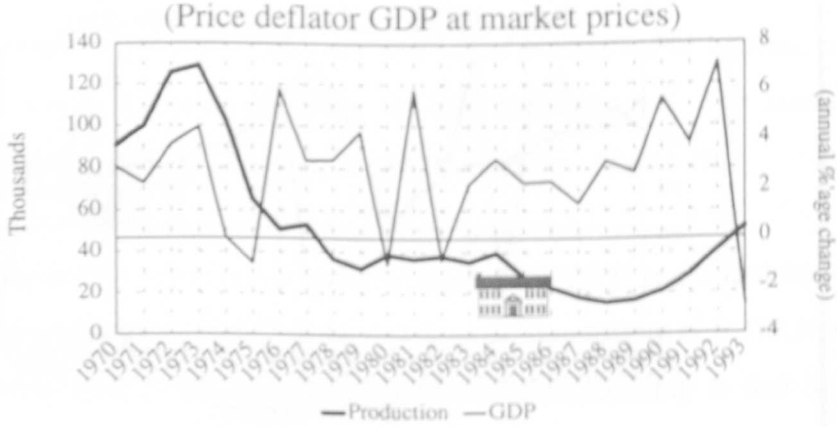
Source:- CBS, European Commission.

Figure 78

This, in conjunction with the trends in Figure 77, supports the assertion that changes in GDP can be used to help understand changes in the level of housing supply in the Dutch social sector. The way that this happens, however, is not as anticipated. The expectation was that as GDP increased, the trends in social housing would fall. In the event, the opposite occurs. The higher the level of GDP, the higher the level of social housing supply. This is a different relationship to that in the other two countries, and one which may support the idea that increased levels of GDP feed into higher levels of government spending on housing.

5.3.4. (iii) (b. iii) Germany.

Figures 79 and 80 show the relationship between production of housing in the social sector and GDP in Germany. The social sector is represented by the Gemeinnützige Unternehmen and state housing supply (Table 10).

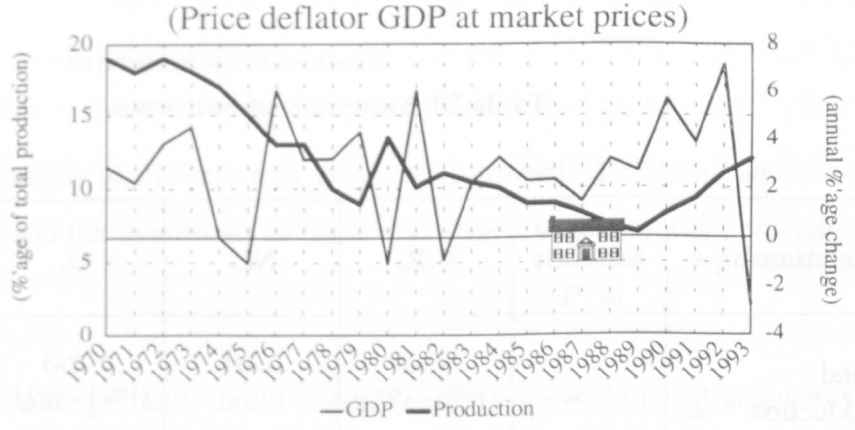


Source:- Statistiches Bundesamt, BMBau, European Commission.

Figure 79

The relationship between social housing production and GDP is shown for Germany in Figure 79, where the *absolute* volume of social housing supply is considered. The co-efficient of correlation for the period 1970 to 1993 is a very weak one, and one which is negative; at -0.110.

Figure 80 suggests that when social housing is expressed as a percentage of total housing production, the result is a marginally stronger negative co-efficient of correlation; at -0.146.



Source:- Statistiches Bundesamt, BMBau, European Commission.

Figure 80

The relationship between the two variables in Germany has more in common with that in the United Kingdom, than with the Netherlands. This may indicate a differing set of underlying priorities. This theme is considered again in Chapter 6.

5.3.5. Summary of investigation in Section 5.3.

Table 20: Summary of outcomes.

Relationships	Absolute or %	U.K.	NL.	G.	Comments
Total production & Total Need.	N/A.	-0.107 (1974 - 1993)	0.491	0.0785 (1975 - 1993)	• Housing stock: number of household ratio significant for choice of years.
Private Sector production & Profit	Absolute measure	0.058	0.415	0.721	• UK trends in 1970s positive. In 1980s negative. • Germany: different measures give different results.
	Percentage measure	0.219	0.253	-0.421	
Social sector production and Unemployment	Absolute measure	-0.841	-0.241	-0.803	• UK positive relationship 1973-1979. • NL: Strong +'ve r'ship 1979-1993. • German Förderung measure provides no different conclusions.
	Percentage measure	-0.765	0.183	-0.824	
Social sector production and GDP.	Absolute measure	0.108	0.375	-0.110	• NL: Strong positive relationship, although unexpected.
	Percentage measure	0.0262	0.409	-0.146	

Chapter 6: Conclusions

6.1. Introductory comment.

The conclusions of this research are directed towards discussion and analysis of the objectives and the hypothesis of the study. There were two main objectives (Section 1.2):

> 'to challenge and build upon existing conceptual frameworks and understanding in comparative housing research relating to systems of housing supply',
>
> 'to provide an explanation of the way in which systems of housing supply function in a European context and to suggest how these systems affect housing production outcomes'.

It was suggested that the research aimed to be of significance to both theorists concerned with the methodology of comparative housing research, as well as to practitioners and policy makers. The hypothesis of the research thesis postulated that:

> 'Systems of housing supply which are different in nature can produce similar housing production outcomes. This is, to a significant extent, due to the way in which the systems are structured'

To evaluate whether the objectives have been achieved and review how the hypothesis has been addressed, there is a need to undertake a number of steps. The conclusions to the research are divided accordingly in this chapter. In Section 6.2., there is a resumé of the four main chapters; numbers two to five. This evidences the intention of the objectives to draw relationships between systems of housing supply and housing production outcomes. In Section 6.3, the first part of the hypothesis is restated and reviewed in the light of the outcomes provided in Chapter 5. Section 6.4 considers initially the first part of the hypothesis in the light of the outcomes analysed

in Chapter 5. Section 6.4 then considers the role of structure models in helping to explain the relationships between systems and their outcomes in the comparison. Section 6.5 is a response to the conclusions of Section 6.4. Section 6.6 provides two further concepts of structure which are intended to further understanding of systems, structure and outcomes. Section 6.7 is a response to the research objective that research findings should have practical implications. Section 6.7 deals with the three investigations relating to housing production which were considered in Chapter 5. A final section, 6.8 provides a summary of the conclusions in five main points.

6.2. Resumé of the research investigation.

As stated in the previous section, Section 6.2, aims to provide a summary of the four main chapters, numbers two to five.

Chapter 2 provided an explanation of the methodology. That chapter initially reviewed some broader issues relating to comparative housing research, and referred particularly to the question of differing academic disciplines. It then went on to consider some differing and sometimes competing philosophical standpoints adopted by researchers in this field. These approaches were then discussed in the context of the research hypothesis, where it was explained that the methodology relied upon both empirical and rationalist methodological standpoints. It was explained in Chapter 2 that the conclusions would rely partially upon factual and statistical findings and partly on normative analysis. Finally the steps to be taken in addressing the hypothesis are explained.

In Chapter 3, the system of housing supply was defined and explained. This was done initially by reference to the analysis of systems in the broader context, and a focus upon two main facets, 'policy' and 'process'. Six sub-facets of supply were outlined altogether. These came under the headings of housing production policy, land policy, planning policy, land supply, infrastructure provision and the building process. These were examined in each of the three countries by reference to specific issues, or sub-facets of the main facet. The analysis of the systems of supply was undertaken in

Section 3.2. The framework utilized was the degree of government intervention in housing supply. It was argued that whilst this framework relied to some extent upon normative evaluation, some of the facets can be measured and quantified in the light of government action or inaction. The degree of intervention was related to the idea of the 'nature' of systems. This was argued in Chapter 2 to provide a useful benchmark for policy interest. The 'nature' of the system in the United Kingdom was shown to be characterized by a relatively hesitant stance towards intervention. The 'nature' of the systems of housing supply in the Netherlands, on the other hand, was argued to feature a relatively high degree of state interference in land supply and housing production. The system of housing supply in Germany, was noted to fall between these two extremes in most facets of the system. The German system has a land policy which has much in common with the United Kingdom, whilst it shares many of the features of the Dutch physical planning system. It has a system of infrastructure provision which is highly complex by comparison with the other two countries.

In Chapter 4, four models of the structure of the system of housing supply were analysed. These models were based upon previous research in the fields of land and housing studies. They were introduced as the event-sequence, agency, structuration and equilibrium interpretations. The event-sequence model is a focus upon co-ordination within systems of supply. The agency model, an analysis of the role and strength of actors and a reflection of co-operation in the system of supply. The structuration interpretation was seen to be a combination of structure and agency, where the focus was upon the macro-economic environment in which the systems of supply operate. The equilibrium model or interpretation is seen to account for all these factors; as does the structures of housing provision thesis, albeit in an explicit way. It was argued that whilst the epistemology of these 'models' is quite well defined, operationalizing them requires a significant subjective input. Hence particular questions were posed as a proxy for the event-sequence focus, whilst the relationship between central governments and outcomes were considered to reflect the strength of the former, within the agency interpretation.

In Chapter 5, outcomes were considered. These were based around three investigations: between total housing production and total housing need; between production in the private sector and profit; and between production in the social sector and what was termed social housing need. The results showed considerably different relationships within each of the three countries (Table 20). The strongest correlations occurred in the case of the Netherlands, the weakest in the case of the United Kingdom and Germany. The results, however, are also affected by the way in which outcomes are measured. Whether the results are expressed in terms of absolute numbers or percentages is significant for interpreting the trends. Also significant is the way the private and social sector are defined. Section 5.2. discussed the factors which determine how these sectors may be compared. The relationship between supplier, source of funding and resulting tenure of housing was argued to be a key issue.

6.3. 'Systems of housing supply which are different in nature can produce similar housing production outcomes'; a commentary on the first part of the hypothesis.

To address the first part of the hypothesis, there is a need to question whether systems which are 'different in nature' can produce 'similar' outcomes? To answer this question, a brief review of what is meant by the 'nature' of 'systems' and 'outcomes' is required.

Chapter 3 described the systems of housing supply. The systems were summarised in Section 4.2 in terms of their 'nature'. This was a focus on the degree of state intervention or interference in housing supply. The 'nature' of the system was explained in Section 2.6 as a term which makes a conceptual distinction between the 'state-market' paradigm, and other interpretations of structure. It was explained however, that the 'nature' of the system was no more essential than structure models or paradigms. The 'outcomes' considered a number of relationships, which were investigated in Chapter 5.

Addressing the first part of the hypothesis requires careful reflection. There is need to consider what is meant by 'similarity' of outcomes and 'different' 'nature' of systems. The correlation coefficients in Table 20 show a range of outcomes. In drawing conclusions there is a need to look not only at the strength of relationships, but also at whether the relationships are positive or negative.

The results in Table 20 show greater similarity of outcome between the United Kingdom and Germany. This is evident in the relationship between total housing production and total housing need (NHi + Nsd), which in both countries is a weak one. Also in the relationship between social housing production and levels of unemployment, which is strong negative or inverse one. Finally in the relationship between social housing production and changes in GDP, which is weak in both countries. Similarities of result do not hold, however, for private sector production, unless the inconsistencies between absolute and percentage measures carry weight. In the Netherlands, the results are strongly contrasting with the other two countries (Table 20). Generally the relationships are stronger. This conclusion applies to both the relationship between total housing production and total housing need, to the relationship between private sector production and profit, and to the relationship between social housing production and changes in GDP. The relationships between social housing production and levels of unemployment (absolute and percentages) are weaker, although they are more line with the expectation that social housing production increases as unemployment increases, than is the case in the other two countries.

These results, or outcomes, need to be considered within the first part of the hypothesis in the context of the 'state-market' continuum' considered in Section 4.2. In that section it was argued that the United Kingdom represented a system of housing supply in which government played a relatively less significant role than in the other two countries. The details of this were summarized in Section 4.2. By contrast, the Netherlands, provided a system of housing supply that was characterized by a relatively high degree of state intervention. The German system of housing supply was argued to lie between these two poles within the continuum.

The interest in looking at the 'nature' of the system of housing supply was to consider the state stances against outcomes, where an expectation was that systems which lie at the extremes would provide similar outcomes. This would be the case because they could be perceived as being in some way similar in structure, despite enjoying very differing degrees of state intervention. In this respect, the interest lay in looking at the conclusions of the German report (B.M.Bau, 1993), which drew similarities between the functioning of the systems within the United Kingdom and the Netherlands. The results show, as is highlighted in Table 20, that these extreme state stances do not produce similar outcomes. If anything, outcomes in the Netherlands and United Kingdom are more *different* than any other combination of outcomes and countries (Table 20).

Whether systems which are different in nature can produce similar outcomes, depends ultimately upon how narrowly the results are interpreted as well as how close systems are deemed to be in nature. The implicit focus of the first part of the hypothesis was with extreme state and market positions; those of the United Kingdom and the Netherlands. In the event of analysis, results do not bear out the assumption that these systems lead to similar outcomes. Interpreting the first part of the hypothesis in what might be considered a broader way, however, leads to the conclusion that systems of housing supply which are different in nature, *can* lead to similar outcomes. This happens if the results of the United Kingdom and Germany are considered.

6.4. 'This is, to a significant extent, due to the way in which the systems are structured'; a commentary on the second part of the hypothesis.

The second part of the hypothesis follows from the first part, if it is shown that systems which are different in nature *can* produce similar housing production outcomes. To be wholly decisive however, about whether the first part of the hypothesis is confirmed or rejected, it may be necessary to quantify *how different* the nature of systems are, and reconcile this with differences in correlation coefficients. As was argued in the preceding section, this depends upon the way in which the

results and the systems are interpreted and defined, which depends upon an analysis of Section 4.2 and 5.3 (Figure 2).

If the hypothesis is taken to consider extreme cases, i.e. systems which are *very different in nature*, then the first part of the hypothesis should be rejected; systems of supply which are very different in nature do not produce similar outcomes. The Netherlands and the United Kingdom do not do this. If however, the hypothesis is considered to relate simply to systems which are *in any way* different in nature, then it can be shown that the United Kingdom and Germany provide broadly similar outcomes. Within this interpretation of systems and outcomes, the first part of the hypothesis may be argued to be proven.

This dichotomy can lead to a problem or an opportunity. On the one hand, if results and outcomes are focused on the United Kingdom and the Netherlands, then the structure models have no part to play, except perhaps to say that 'simple' systems (B.M.Bau, 1993) do not necessarily lead to similar outcomes. The opportunity is however provided by the cases of the United Kingdom and Germany, since outcomes which are broadly similar cannot be explained within the state-market focus. This provides a raison d'etre for looking at the structure interpretations and asking about their contribution to similarity and differences in outcomes. In doing this it is useful to consider all three countries in the context of structure and outcomes. In Section 6.4, similarities and differences in structure of systems, and similarity and differences in outcomes are considered for the three countries. The focus should be upon whether differential pairings in the structure of systems is reflected in the differential pairings in outcomes.

6.4.1. Co-ordination in housing supply.

The first interpretation of structure considered was the event-sequence (Section 4.4). This was argued to be concerned with the integral nature of the system of housing supply; to do with the way different facets were linked and to do with the controls that exist to determine housing outcomes. The concept was also represented by the extent

of its simplicity or complexity. In this, the final chapter, these issues are consolidated and considered within the term *'co-ordination'*.

In doing this it may be clearer why outcomes occur as they do. In particular, by broadening the conceptual field, the similarities in outcome between the United Kingdom and Germany may become more understandable. One of the reasons why the German report (B.M.Bau, 1993) makes the conclusions it does, it is argued, is because these are based on the extremes of the 'state-market continuum', rather than upon questions associated with broader issues of co-ordination. The focus on co-ordination must be one which is vertical as well as horizontal. There should be a focus on the way in which facets of supply relate to each other, *even though* these may all lie under an umbrella of state, or market.

There is also evidence to suggest that the focus on 'simple' and 'complex' systems is far too general anyway. The relationship between land allocation and land availability is a prime example, which does not seem to be fully analysed in the German report. In the Netherlands, this relationship is tied wholly through the role of municipalities. In the United Kingdom, however, the relationship relies upon *both* public and private sector input. This is also the case for Germany. Research in the United Kingdom has also shown that facets of policy are loosely integrated, where many aspects of supply have been turned over to private sector interests and the market. The idea of a fully loosely integrated or structurally diffuse system, however, does not necessarily create the same outcomes as one which exhibits mechanical solidarity. The German report falls into this trap. The ability to achieve social housing production may be a reminder that unregulated land markets do not always provide for a flexible system of housing supply. The results for Germany may be reflected in a similar land market background to that in the United Kingdom. By contrast, social housing is achieved in the Netherlands, probably in no small part as a consequence of the tightly knit system of land supply and central government subsidy policy within a prescriptive planning system. Changes in the economy can be reflected in housing outcomes which meet the prevailing need.

6.4.2. Co-operation in housing supply.

The second interpretation of structure considered, was the agency. This interpretation was argued to be to do with issues of motivation, constitution, balance of power and conflict. In this final chapter these issues will be considered within the term *co-operation.*

In respect of this interpretation, there are significant differences between on the one hand, the United Kingdom and on the other, the Netherlands and Germany. One of the main factors supporting this assertion is the nature of central government. By looking at the correlations or relationships between the political colour of government and the role given to public or private sectors, great differences can be observed (Section 4.5). In the United Kingdom, Conservative governments are associated with promoting the private sector and owner-occupation, whilst Labour governments, although not in power since 1979, are associated with promoting public sector local authority housing. This factor leads to the conclusion that housing production in the United Kingdom is highly politicized, and that 'governments' are a very strong agency in the system of supply. In the Netherlands and Germany, central governments may also be 'strong'. The association, however, with particular sectors of supply is weaker. This may result from either the electoral system of proportional representation, or the fact that in both those countries, coalition governments are the norm. This may lead to less conflict on housing production policy, where the objectives are broader than simply 'tenure'. The nature of subsidizing new production bears this out, where 'conditional object' subsidies play a strong role.

The relationships between central and local government are also important to a discussion about 'co-operation' within the system of supply. In the United Kingdom, the relationship between central government and local authorities may be described as being an acrimonious one, particularly since 1979. For housing production, this has resulted in an inability for local authorities to play anything but an enabling role. The enabling role is also important in the Netherlands and Germany, where municipalities have not acted as housing suppliers to any significant extent. The municipal role,

however, in the Netherlands and Germany is a more robust one. The enabling role in the Dutch case was shown to be significant, since the Gemeente have a role in both planning and land supply, whilst in Germany the Gemeinde operate from a much sounder financial position; a consequence of both history and the principle of selbstverwaltung, or self-autonomy. German and Dutch central government were seen, to some extent, to accommodate these situations. Their ability to centralise power was seen to be less than in the United Kingdom, where local authorities are playing an increasingly residual role.

Housing suppliers were the final agency in the system of supply to be considered. In the United Kingdom there is some imbalance between the private sector, who are characterized by the volume house builders, and suppliers of social housing, who are characterized by housing associations and formerly local authorities. This 'imbalance' is created not only as a result of the level of funding having been reduced for social rented housing, but also since the private sector have been encouraged by a macro-economic policy which has often been very beneficial to the supply side. In the Netherlands and Germany this imbalance does not occur to such an extent. In the Netherlands this is because all housing suppliers are monitored by municipalities. They may be seen as being 'all equal in the eyes of municipalities'. The key point is that they cannot get their raw material, (land), without municipalities. Usually, there is a high inter-dependence between sectors. Decisions about how much social housing there will be, directly impacts upon the market sector. This can be advantageous in that municipalities can filter land between sectors in accordance with market conditions. In Germany, no particular housing supplier is seen to dominate. In numerical terms, private households contribute the most at around 60% of total production on average per year. This production is supported, however, by many other sectors of supply. The system as a whole relies heavily upon supply-side subsidies which are spread evenly and do not discriminate between suppliers.

The discussion about housing suppliers as agencies is influenced by the relationship between the client, whom they *are*, and the source of production, whom they *may also be*, or not *be*. The client, (opdrachtgever), or (Bauherr), if he is *also* the source of

construction, may influence the workings the market to a greater extent than if he is unrelated, or simply providing contracts or commissions. In these respects the volume house builders of the United Kingdom are distinctly different to a private household in Germany, and arguably to a 'market builder' in the Netherlands.

The picture which emerges is argued to be one in which we should see the system in the Netherlands and Germany as being characterized by a higher degree of co-operation than in the United Kingdom. Within each of these two systems, there are a number of checks, or buffers, which limit the power of any one particular actor within the system. Behind central governments appears to lie a quite even-handed housing production policy, which is filtered through at the local level and between housing suppliers. There is balance between all agencies.

This conclusion sits happily with the broader Epsing-Andersen framework, which Barlow and Duncan (1994:26-31) utilize within their discussion of housing provision in Europe. Both German and Dutch systems are examples of a 'corporatist' state, which has co-operation as a theme. Britain, on the other hand, is classified as a 'liberal' state, in which the theme of reliance on the market is a feature (Ibid:28).

As with the findings of the German report (B.M.Bau, 1993) there is a need to consider the thesis of Barlow and Duncan in the context of the findings of this research; the idea that outcomes may be understood from a corporatist framework or liberal state framework, is significant to the discussion of structure and outcomes.

The results of this research, however, do not support these conceptual paradigms. If the interpretation of 'agency' within systems of supply in the Netherlands and Germany is representative of reality, then there is no reconciliation of structure model and outcomes. Given the similarity in the systems of supply in the Netherlands and Germany in this interpretation of structure, the expectation is for similar outcomes. Table 20 shows how different these outcomes are.

6.4.3. Competition in housing supply.

The third interpretation of structure to be considered was that of the relationship between the agencies of supply and the environment in which they operate; the model structuration. In Section 6.4, the economic environment was considered as one way of reflecting this relationship, in the context of the work of Healey and Barrett (1992). In the agency interpretation, similarities were drawn between the Netherlands and Germany. These also apply in so far as the macro-economies are concerned. In Germany in particular, and also in the Netherlands, economic policy has been characterized by a much tighter monetary stance than in the United Kingdom. This is reflected in higher levels of investment and private saving (Figure 28). The Netherlands complements this with higher levels of government spending and higher levels of taxation, although German levels of taxation are generally lower, being accompanied by lower government spending.

The different ways macro-economies are regulated are a reflection of a number of issues. Decisions which governments make about the money supply and about interest rates, for example, are a response to a particular set of circumstances. These circumstances are derived from both the need for domestic economies to compete in the broader world economy, as well as a need to satisfy particular interests within the domestic political system. These two 'needs' may be on the one hand conflicting, or on the other, complementary. The two possibilities touch upon the structuration paradigm. This is to question the extent to which variables like interest rates and the money supply are allowed to run independently of other European countries. In the German and Dutch cases, the co-operative stance might be linked with the similar nature of economic policy. In Germany the Bundesbank is often cited as a reason for the economic stance which Germany takes. The geographical proximity of the Netherlands may have some significance for the similar monetary stance. Germany and the Netherlands may be contrasted with the United Kingdom, where monetary decisions are seen to be more dual function of both Bank of England and government.

Crouch (1993) describes the 'case of Germany' as one of 'co-operation and competition in an institutionalized economy'. To further the debate, the term *competition* can be applied to the economic strategy of countries. On this basis, it may be suggested that the Netherlands and Germany reflect a similarly competitive economic strategy. The United Kingdom reflects a different economic strategy, which arguably has put domestic political interests before an economic stance aimed to promote competitiveness in the global sphere. The disciplines of the Maastricht criteria are now manifest in a rapidly changing housing system in the United Kingdom.

The consistencies between the Netherlands and Germany in respect of both agency and economic stance are not borne out in housing production outcomes. Even when systems are characterized by high levels of co-operation, in conjunction with a competitive economic stance, this does not lead to similar outcomes.

6.4.4. Equilibrium in housing supply.

As a fourth interpretation of structure, the equilibrium concept was forwarded alongside the structures of housing provision thesis of Ball and Harloe (1992). It was suggested in Section 4.7, that these concepts could not be related in an operational way to systems of supply. Their utility, it was argued, lies in the idea that they provide a potentially greater range of explanation. This considers concepts of both surface as well as deeper structure.

6.5. The failure of surface structure models.

The previous section completed the investigation of the research hypothesis. Figure 81 summarizes the relationship between structure and outcomes. This figure should be related back to Figure 1 in Chapter 2, which outlined the 'philosophy of method'. Figure 81 suggests the expectations of structure paradigms. It shows where similarity of paradigm occurs. It also shows how outcomes in the United Kingdom and Germany are similar.

The main conclusion to be drawn is that structure, in the way it has been examined, does not relate highly with outcomes. The only area of overlap lies between the United Kingdom and Germany in the way their systems of supply are co-ordinated. As was suggested in Section 6.4.1, a key issue was the potential conflict between physical planning and land policy. That is to say between land allocation and land availability. This is undoubtedly an important issue. It remains however a single area of overlap between two systems of housing supply which are otherwise very different.

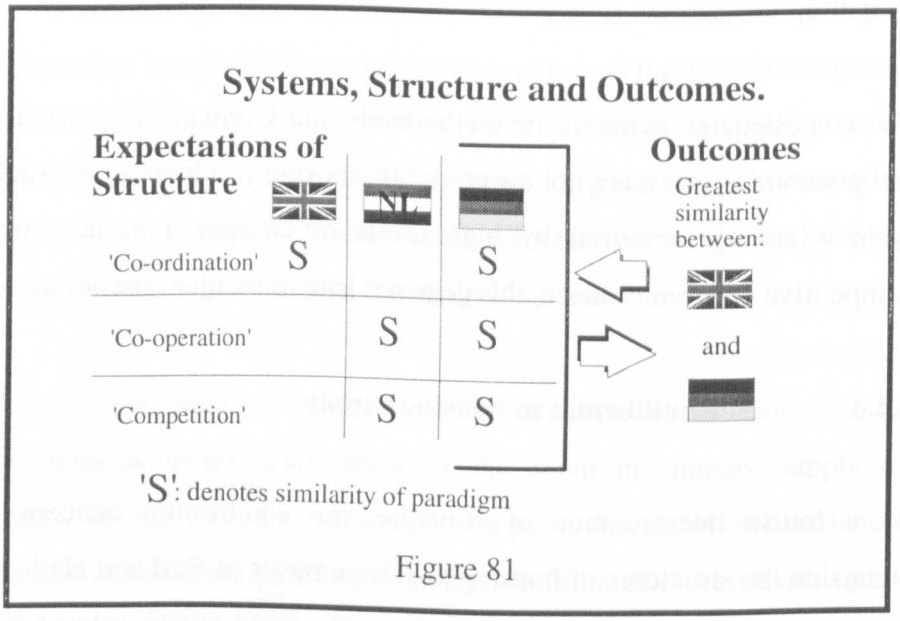


Figure 81

The outcomes of the United Kingdom and Germany, moreover, whilst they are more similar than any pairing of outcomes with the Netherlands, are not consistently reconcilable. The relationships between private sector production and profit are very different. These suggest something more significant than simply a similar land policy. What this 'something' is, takes the debate deeper. The models adopted in this research may be termed 'surface structure' models. They are based upon functional and mechanical interpretations of structure. If the ideas have been correctly adopted and interpreted, then it can be concluded that these forms of structure carry little weight in determining outcomes. There is something else involved.

Two ideas are forwarded for the disparate relationships established between structure and outcomes. The first draws attention to the relationship between surface structure

and substructure; Marx's Unterbau and Überbau. The second concept makes a distinction between 'system' and 'environment'.

6.6. Vertical and horizontal structure.

6.6.1. Vertical structure.

The previous section was entitled, 'the failure of surface structure models'. These models account only for mechanical or functional structure, which may be perceived to be two dimensional at best. Concepts of 'events' and 'agencies' do not however, touch on the essence of structure. Structure in its purest form is an amalgam of all possible inputs to all possible outputs. In this it cannot fail. This is why the structures of housing provision thesis has been criticized by Oxley (1991) for its transcendental nature. It is, as he says, a way of 'tying things together' (Ibid:69).

The utility of the concept, is, however, perhaps greatest when used in the context of functional models. Its utility lies in the consequences of the failure of the functional models to provide understanding of similarities and differences. Where these models have failed, the question can then be asked about fundamental assumptions of structure. The values that underpin systems, if such things do, may be more significant than the systems themselves; the conceptual distinction between Unterbau and Überbau.

It may be a useful methodology which holds surface structure constant in accordance with the model proposed in Figure 81, yet assumes different expectations of outcomes. Trying this may provide different pairings of result and lead to an entirely different conclusion. In this respect, it should not be overlooked that the assumptions made of systems in this research were stated to be 'rational' assumptions (Section 2.7.1). Given the results of the research, it should perhaps now be suggested, that 'rational' assumptions are not the same as fundamental structure. The latter may prescribe outcomes, whilst the former only guesses at them. Sometimes 'rational'

expectations or assumptions may reflect fundamental objectives of systems, other times not.

Assuming different objectives for systems may provide closer links between structure paradigms and outcomes. One obvious candidate for such an exercize would be social housing production in the United Kingdom and Germany. In both these countries there appears to be an entirely different, perhaps a less caring agenda, than is the case in the Netherlands. The relationships in Table 20 shows increasing unemployment to have no effect on social housing production in either country. Likewise, in Germany and the United Kingdom, increased levels of economic growth are not reflected in increased social housing production. In the Netherlands, by contrast, growth appears to have a beneficial effect on production in the social sector. This conclusion goes right across the structure paradigms of systems of supply in the Netherlands and Germany, which are seen to be similar in terms of the way in which agencies co-operate and in the way in which the economy is managed.

There are seen to be two methods of dealing with the problem of explaining such a phenomenon. First, the economic stance may be examined in more detail. This may indicate, as appears to be the case, that welfare spending is higher in the Netherlands than in Germany. Such a finding, however needs to be linked in practice with the source from which it emanates. Spending more money on social housing may help to meet social need, but this needs to be balanced with the performance of housing markets. In this respect, the Dutch case is very special in that it appears that both markets and social sector operate in a complementary and successful way. This demands a closer look at the structures of supply. This has been done in Chapters 3 and 4, which, it is suggested, go some way towards explaining the outcomes.

If the way in which systems of supply are structured is to be the key focus, and differences in spending not wholly useful for policy making, then in the German and Dutch cases there is a need in some way to conceptually adapt the structure model. This may involve a 'weighting' of substructure objectives above surface structure functioning. In other words, the apparently similar structure paradigms for the two

countries become ignored, in favour of research which carries out investigations into the underlying goals of systems. This may, however, be like trying to find a black cat in a dark room.

6.6.2. Horizontal structure.

The concept of 'horizontal structure' is raised within this research through a number of issues. This is a normative concept provided in contrast to the conventional way of thinking about substructure and surface structure. The concept is raised as a consequence of the results shown in Table 20. The concept of 'horizontal' structure raises a distinction between 'system' and 'environment'.

Particularly important to this is the question of control. How easy is it, for example, for governments to control the exogenous variables of the 'environment'? If demographic trends or housing markets are very volatile, then they are more difficult for governments to control than if they exhibit even tendencies. Here the scale of the investigation may be important.

A possible reason why the results in the Netherlands conform best to the assumptions may be a simple reflection of the fact that the comparison, whilst it is focused on structure, nevertheless is focused on countries which are different in geographical and demographic scale. The conventional perception of the planned system in the Netherlands is then called into question. It may be a well planned system, but does it achieve results also by virtue of having a relatively easier task to perform?

The concept of a structure which is focused at the constitutional differences may also fall within this discussion area. In this respect, differences between the United Kingdom and the Netherlands on the one hand, and Germany on the other, may be significant. Whereas the former two countries have a unitary state, in the sense that different governmental tiers are supposed to work together, the German system operates within a federal state. Considered in this way, the structure paradigm which considered the agency approach, engendered within the term ' co-operation' becomes

questioned. That is to say, in the German case, although the system of supply is balanced between agencies, this sometimes does not reflect the way they function.

The case for reconciling similar structure with similar outcomes can be made for the United Kingdom and the Netherlands by considering the discussion on the way outcomes are measured. That is to say, between 'absolutes' or 'percentages'. Here it can be shown that differences between these two measures in those two countries, are less than the differences between the measures in Germany. If all these differences in Table 20 were to be summed together, the spread of results would be as follows:

The United Kingdom: 0.318
Netherlands: 0.62.
Germany: 1.199.

These differences reflect a number of very complex relationships. They reflect differences in the way in which housing suppliers react with their environment, they reflect decisions made by governments about which sectors to promote and they reflect differences in any number of questions about the way in which the state interacts with the market.

Deriving conclusions from these data sets would be methodologically very challenging. In conclusion, it can only remarked on, that the differences may reflect an altogether new framework for structure. This would juxtapose the way in which individual sectors of supply relate to given assumptions, with the relationship between these individual sectors and the broader production environment. It is interesting perhaps, to note, that the results shown above may be related to the theme of centralized and decentralized states.

6.7. Implications for policy on housing production in the United Kingdom.

6.7.1. Total volume of housing production.

Ensuring that housing production levels are adequate to meet the total housing need in the economy may be considered a primary concern of housing policy. One of the stumbling blocks is a purely technical one, where an ability to forecast the number of households in the economy is the issue. This is a function of demographers and others involved in the prognosis of social trends. A second problem is an issue to do with the interpretation of these trends. This highlights questions of what sort of housing is required and asks where the supply of new dwellings will come from. This is arguably a task for central governments. Influencing the decision-making process will be a number of factors; ideological, economic, social and historical.

Generally, where economically advanced countries are concerned, total housing need will be met by the system of housing supply. This occurs in both the United Kingdom and Germany although in the Netherlands, supply struggles to keep pace with the very strong increase in the number of households. However, the trend in total housing production is linked more closely with the total level of housing need than in the other two countries. In Germany, it has been particularly difficult for this relationship to be reconciled because of particular factors associated with immigration and emigration as well as with other specific questions to do, for example, with re-unification. In the United Kingdom, the relationship appears to be strongly affected by the ideological swings influencing the promotion of particular sectors.

Meeting total housing need is a function not only of the increase in the number of households, but also of the size of the housing stock, and the decrease thereof. Predicting total housing need is argued to be a highly complex process. The way of dealing with it in the United Kingdom is at present inadequate. It still relies, as in previous decades, upon clear conceptual divisions and expectations of what the 'private' and 'public' sector should be doing, and how much production they might

contribute. This process leads to over-provision where markets flourish, and the private sector provides in conjunction with the public sector, but leads to under-provision where the private sector will not provide in failing markets.

The lesson is that total housing production derives from the sum of sector production, and where governments link themselves to one or the other, it becomes difficult to see the whole picture. The relationship between the two variables considered in Chapter 5, namely total production and total housing need, is to some extent rescued in the United Kingdom, by the fact that crude housing shortages were over by the mid to late 1970s. Planning became arguably much easier. In the other two countries, the demographic and historical factors play a much greater part. Systems of housing supply cannot afford to be so selective. Germany is the primary example. Instead of linking production to specific sources, the expectation has been that production is a constantly evolving flexible process, not discriminating between these sources. The question of social need is addressed by conditional object subsidies which are dispersed between both institutional social housing providers and private individuals. The 'social' sector is merged to some extent within the 'private'.

The lessons from the Dutch system also derive from a less ideologically, more tenure neutral housing production policy, although the lessons come in a different way. Here total housing need should be regarded as being strongly linked with social need. Arguably, the market sector can be regarded as a 'residual' source of supply, which operates when the housing market is strong. In taking this stance, central government consistently focuses upon the state of the economy as a housing indicator, and where supply-side subsidies are filtered accordingly to levels of incomes and to the performance of housing markets. Unlike in the United Kingdom, the private sector is given a raison d'être not from 'tenure' considerations, but from economic conditions. The question of 'private' and 'social' sector provision is now expanded in the following two sections.

6.7.2. Housing production in the private sector.

The investigation of housing production by the private sector, which was carried out in Chapter 5, revealed a number of issues which are relevant to policy makers in the United Kingdom today. Perhaps the most obvious point to make is that the private sector is by no means an easily comparable entity. The factors defining a 'private' sector are many. These include the method of financing, the extent of subsidies, and the tenure of housing that is produced. Beyond this there are questions of the modes of provision, in which the issue of speculation, either in land, or in the building process, is a major issue.

In Chapter 5, a framework was established to compare the 'private' sectors of three countries. This was a selective process which arguably leaves out some production which might be considered 'private' within the individual countries. The private sectors were considered to be the lowest common denominator from a selected criteria. In the United Kingdom, the speculative nature of housing supply was emphasized, a consequence of the link between the commissioner, or 'client' of building work, and the source of construction. This group of housing suppliers, of which the large house builders are significant, operate in a very different way to the Dutch market builders and to the German private households. There are two main distinctions, which are seen to be significant for policy making in the United Kingdom in the future. The Dutch case is considered first.

The market builders in the Netherlands are typically classified by subsidised and unsubsidized production. This is a key issue. The trends in housing production in the unsubsidized sector, are closely linked with the performance housing and land markets, reflected in the discussion of profit and private sector supply. Unsubsidized production by market builders also appears to be linked with these market trends, although inversely. That is to say, subsidized production increases where markets fail.

There are several factors at work here. Perhaps the most important is the fact the that market builders are involved only in the building process, and largely not in the land

market. This means that to a great extent decisions about production are taken out of their hands. The decision lies with that state at local level. Decisions to sell land to the market sector are decisions of the state in line with market conditions. From a United Kingdom perspective, this is an entirely different situation, where decision making lies with the developers themselves. The Dutch case, however, must be considered from its origins, where land supply is a considerably more onerous process than in the United Kingdom or Germany, and where there is much more inter-dependence in development between different suppliers of new housing. What is instructive about production in the Dutch unsubsidized market sector is the way in which the state steers what is termed a 'market' sector. The market builders are not left to their own devices. The risk of market failure is shared between public and private sectors. This is a good example to support Barlow and Duncan's (1994) plea for a greater focus on the 'state-market mix', as oppose to the idea of 'markets good, states bad'.

The example of private sector housing supply in Germany is perhaps further detached from the United Kingdom than the Dutch. This is because in the Netherlands and Germany the production of housing for ownership relies more upon a commission system of housing supply, than upon speculative production. It is nevertheless interesting. It is also instructive for the United Kingdom. This is particularly the case in the light of the changing economic environment in which low inflation is seen to be a key tenet of economic policy. This is already having an impact upon the house building industry in the United Kingdom, where some of the largest house builders, for example Tarmac, Costain and Mowlem have retracted from the residential construction sector in the face of shrinking markets (Golland et al, 1996a). The speculative nature of private sector housing supply is arguably under threat. The German way of providing private housing is at the other end of the scale; more on a 'bespoke' basis. Whilst it is unlikely that the United Kingdom will turn to this mode of development, it may begin to meet it somewhere in the middle.

Whichever situation is considered, the Dutch or German, it seems evident that there are lessons. These indicate that the private sector development process, as it is

typically portrayed in the United Kingdom, will have to share some responsibility, either with the state, or with the client for whom housing is constructed. If the demand side is depressed, it can no longer be a case of relying on housing consumers to soak up speculatively built housing. And there are other factors at play. The off-loading of public sector spending, implicit in the 'Private Sector Finance Initiative', recently promoted by the government, may offset development profits even if the housing market revives. The Dutch market builder model, although it is increasingly becoming independent of the state, may be one to which the private development industry in the United Kingdom looks, since it provides some cushions from market failure. State land supply is one key facet of this.

6.7.3. Housing production in the social sector.

The demand for social housing is usually expressed in terms of a 'need'. In this research various broad measures of macro-economic performance were examined in the light of the production of social housing in the three countries. It was shown that production had very different relations with the measures adopted. In the United Kingdom, the trend in social housing production has been downward, despite assumptions that economic conditions might require higher levels of social housing. Indeed, official estimates of the need for social housing have not been achieved (Joseph Rowntree Foundation, 1995). The Department of Environment's estimate was between 60,000 to 100,000 over the period 1991 to 2001. In practice, completions have been at around the bottom end of this scale, 'increasing pressure for a higher output from now until 2011' (Ibid:1).

Can this output be 'achieved'? And how can the experience of a study of other countries help? To the first question, the short answer is, given the existing situation, probably 'no'. There are several barriers. The first of which lies in the definition of 'social' housing and what this should be. Expressed alternatively in the form of 'affordable' housing, the issue is potentially even more complex (Barlow, 1994a; Bramley, 1994; Stevens, 1994), where what is 'affordable' and what is not becomes simply a matter of value judgement which can be disputed by planners and developers alike. The second

problem is a problem of implementation. In short, what the planning system prescribes, the land policy does not allow for; so where local planning authorities foresee a volume of social housing in development schemes, they are quite impotent to enable this in practice unless they own the land. And even then there are constraints on their ability to release the land at below market prices. Third there is a problem of operational viability. That is to say that even where social housing is built, it often does not provide a viable return. This is particularly so where rents have to be maintained at a low level.

The Dutch and German examples of social housing production provide some solutions to these problems. In the Dutch case the most evident enabling mechanism is through the land pricing system: by lowering land prices from a level at which they might otherwise be, to housing associations and municipalities, social housing can be provided in a more extensive way. The complexities of the way this is achieved have been explained in Chapter 4, although only the main principles. These involve a coming together of land use, economic and social factors which allow goals of housing policy to be achieved through the development process itself. In Germany, there is no such attempt to enable social housing by reducing land prices below the market level. Indeed, the land market creates many problems which affect not only rented housing, but also make ownership a difficult proposition. Under these conditions the supply of social housing may decrease at a faster rate than in other sectors. The trend in the production from Gemeinnützige Unternehmen, the 'non-profit' source of social housing supports this assertion. The production of social housing is however not limited to this group of registered institutions, as has been discussed in Chapters 4 and 5. German social housing is also a function of private operators who are allowed to take a profitable return provided that rents are maintained at an affordable level. This is in return for a subsidy on the dwelling construction.

Transferring these lessons to the United Kingdom would require in the first instance, the Dutch case, interference in the land market: to provide perhaps local authorities to trade off planning permissions with the sale of land at a below market price. To some extent this may be happening; one might think of land in the countryside which farmers might be prepared to sell for some form of housing rather than none at all. But whether this

could happen in the urban regions where land with planning permission would fetch higher prices is debatable. Dependent upon the area and the development plan, land owners might wish rather to hold on to land or to appeal against unfavourable decisions until land could be sold at the highest possible price. 'Interference' would then have to be significant. In some way it would have to increase the opportunity cost of land holding. This could be done by relaxing planning controls: making much larger areas potentially 'development land', and hence potentially increasing supply. This may bring forward more land on to the market, but may upset conservation or environmental lobbyists. Alternatively, there could be some form of discriminatory 'betterment' policy, which favoured landowners prepared to sell land for social housing (or at 'social housing' prices) rather than those who wished to sell in the 'private' market. This could allow land owners to trade off a lesser 'certain' gain against a potentially greater 'uncertain' gain. This may be complicated to operate and 'betterment' policies can be argued to have had limited success in the past.

Following the German example of how to produce social housing may require a substantial re-think on housing policy in the United Kingdom. It may mean adopting a more pragmatic stance in which there is in the future less privity between method of funding and housing producer. The German method, if examined in its very crudest state, is simply a method whereby a pot of money is made available for a specific purpose ('social housing'), but without discriminating between the sources of supply which make use of this pot. To carry through such a process in the United Kingdom which broadens the supply channels for social housing might be difficult. It may call into question the role of the Housing Corporation, an organization which has strong links with housing associations and it may reduce the role of housing associations themselves. Yet there are indications (D.o.E, 1995) which seem to point the way to a more liberal regime in the provision of social housing, which is based upon the idea that many different sorts of suppliers could utilise housing association grant for the production of social housing. But this does not entirely solve the problem of supply in practice; it simply makes 'supply' potentially greater. If the equivalent of the German situation is to be achieved then there needs to be some form of conditions imposed upon suppliers, most obviously in the form of rent controls, which ensure that social housing

is in some way 'social' and directed towards 'need'. Such an arrangement must be a 'win-win' situation for builders, landlords and tenants alike.

6.8 Concluding on the conclusions.

The conclusions of the thesis have dealt with both theoretical issues and questions relating to practice and policy making (Sections 6.3 to 6.7). It may be useful to summarize these. There are five main points of importance:

1 Systems of housing supply which are *very different* in nature do not produce similar housing production outcomes.

This conclusion, which is directed towards the comparison of systems of housing supply in the United Kingdom and the Netherlands, derives from an examination of systems which are very different, and investigations of outcomes, which are shown not to be similar. This finding questions the thesis from which it stems. In particular, the finding questions the significance of perceptions of systems which are viewed in a functional or mechanistic way.

2 Systems of housing supply which are *different* in nature can produce similar housing production outcomes.

This conclusion, which is directed towards the comparison of systems of housing supply in the United Kingdom and the Germany, derives from an examination of systems which are different, and investigations of outcomes, which can be shown to be similar. This finding provides a raison d'etre for an examination of structure models and paradigms. These may provide understanding of similar and different outcomes between countries, where the issue of co-ordination is examined in a more detailed way.

3 Models of the way in which systems are structured are limited in their utility for providing increased understanding of housing production outcomes.

When systems of supply are considered by the way they are structured, it becomes difficult to reconcile similar structures with similar outcomes. The best example to support this assertion is where Germany and the Netherlands are considered. In those two countries, systems of supply exhibit some commonality in terms of the way agencies relate to each other and to the economic environment in which this happens. However, outcomes are shown to be very different. Greater similarity occurs where the United Kingdom and Germany are concerned. The utility of structure models and paradigms is hence questionable, particularly where the focus is upon the mechanistic and agency approaches. However, it should not be overlooked that the utility of structure models cannot be fully evaluated since more fundamental assumptions of structure may provide greater utility. These, however, cannot be empirically divined and arguably should remain unquestioned anyway.

4 The methodology of comparative housing research cannot easily discount for the particularistic nature of systems of housing supply.

The attempt to construct comparative frameworks relies upon a number of detailed procedures. The ability to compare *sectors* of housing supply, for example, relies upon identifying broad similarities in the way housing suppliers are financially supported, as well as establishing commonality in the tenure of housing they produce. However, comparability also relies upon understanding *why* they supply housing in the way do, and the identifying the conditions under which this takes place.

Questions therefore of motivation are significant, as well as are questions about the way in which development risk is shared between the supplier and the state. Differences at this level may have a strong bearing on the conclusions about the relationships between structure paradigms and housing production outcomes. That is to say, that were structure models to be re-defined in a more sensitive way, they might

be capable of dealing with the particularities. This may be a desirable progression in research methodology. There is however, in doing this, a danger that 'structure' loses its 'structure' or framework altogether.

5 The comparison provides lessons for the United Kingdom provided that outcomes are not detached from the circumstances from which they arise.

The research identifies a number of interesting solutions to questions of housing supply. The system of housing supply in the Netherlands is perhaps the most instructive in that it demonstrates how governments steer housing supply in response to changes in the economy and to changes in the housing market. The German system of housing supply provides an example of the way in which production can be maintained at a high level, and where this is directed towards a number of different household types.

Importing these lessons to the United Kingdom, however, requires us to consider that systems abroad may arise from a very different political and cultural background. A move towards the Dutch system requires a much more solid consensus towards an integration of policy and development process. A move towards the German system of housing supply requires a much more flexible approach on behalf of government, combined with an increased readiness on behalf of suppliers and consumers to exploit any such opportunities. Changes in the system of housing supply in the United Kingdom may come about as a result of closer European ties. But this requires a significant shift in attitude and thinking.

References

Adams, D. and H. May (1990) Land Ownership and Land Use Planning, **The Planner**, 28th September 1990, Royal Town Planning Institute, pp. 11-14.

Adrian, H. (1976) Konkurs der Planung - Zukunft oder Konzeption, **Der Architect**, 1/1976, pp. 16-18.

Alders, J.G.M. (1991) **Vierde nota over de ruimtelijke ordening Extra, deel III: kabinetsstandpunt**, Tweede Kamer, vergaderjaar 1990-1991, 21.879, Nos. 5-6, 's-Gravenhage: SDU Uitgeverij.

Ambrose, P (1986) **Whatever happened to Planning?**, London: Methuen.

Ambrose, P. (1992) The Performance of National Housing Systems: a Three Nation Comparison, **Housing Studies**, Vol 7, No.1, Longman, pp.163-177.

Ambrose, P., and J. Barlow (1987) Housing Provision and House Building in Western Europe: Increasing Expenditure, Declining Output? in Ed:Van Vliet, W., **Housing Markets and Policies under Fiscal Austerity**, London: Greenwood Press, pp. 111-125.

Andeweg, R., and G. Irwin (1993) **Dutch government and politics**, London: Macmillan.

Atkinson, R.F. (1982) Historical Materialism, in Ed: Parkinson, G.H.R., **Marx and Marxisms**, Cambridge University Press.

B&G (1995) Consument verliezer in 'grond' rush VINEX gebieden, **Vereiniging Nederlandse Gemeenten,** 4th April 1995.

Balchin, P.N. and J.L.Kieve (1988) **Urban Land Economics and Public Policy**, Basingstoke: Macmillan Education.

Ball, M. (1983) **Housing and Economic Power; the Political Economy of Owner-Occupation**, London: Methuen

Ball, M. (1988) **Rebuilding Construction, Economic change and the British construction industry**, London: Routledge.

Ball, M., M. Harloe and M. Martens (1988) **Housing and Social Change in Europe and the USA**, London: Routledge.

Ball, M., and M. Harloe (1992) Rhetorical Barriers to Understanding Housing Provision: What the 'Provision Thesis is and is not' , **Housing Studies** Vol 7, No.1, Harlow:Longman, pp.3-15.

Bark, G. and J.Gress (1993) **Democracy and its Discontents: A History of West Germany,** Oxford: Blackwell Publishers.

Barlow, J., and S. Duncan (1994) **Success and Failure in Housing Provision: European Systems compared**, Oxford: Elsivier Science Ltd.

Barlow, J. (1993) Controlling the Housing Land market: some Examples from Europe, **Urban Studies**, Vol 30, No.7, pp. 1129-1149.

Barlow, J. (1994a) **Affordable Housing - Unaffordable mistakes**, Paper presented to the Housing Studies Association Conference, Bristol, September 1994.

BDZ (Bundesverband der Deutschen Zementindustrie e.v. (1993) **Statistiches Kompendium,** zum Kongress Zukunft Wohnen.

Begg, D., S. Fischer and R. Dornbusch (1989) **Economics**, London: McGraw-Hill.

B.M.Bau, (Bundesministerium für Raumordnung, Bauwesen und Städtebau) (1993) **Funktionsweise städtischer Bodenmärke in Mitgleidstaaten der Europäischen Gemeinschaft: ein Systemvergleich**, B.M.Bau: Bonn, Bad-Godesburg.

B.M.Bau, (Bundesministerium für Raumordnung, Bauwesen und Städtebau) (1993a) **Baulandbericht**, B.M.Bau: Bonn, Bad-Godesburg.

B.M.Bau, (Bundesministerium für Raumordnung, Bauwesen und Städtebau) (1993b) **Sozialwohnungsbau in den Niederlande**, B.M.Bau: Bonn, Bad-Godesburg

B.M.Bau (Bundesministerium für Raumordnung, Bauwesen und Städtebau) (1994), **Haus und Wohnung. Im Spiegel der Statistik**, B.M.Bau: Bonn, Bad-Godesburg.

Boelhouwer, P., and H. van der Heijden (1989) **Vrije Sektor Woningsbouw; Consequenties voor der Ruimtelijke Ordening de Volkshuisvesting en Bouwnijverheid**, Volkshuisvesting en Bouwmarkt, Delft University Press.

Boelhouwer, P., and H. van der Heijden (1992) **Housing Systems in Europe: Part 1**, Delft University Press.

Boelhouwer, P. and H.Priemus (1990) Dutch Housing Policy Realigned, Netherlands **Journal of Housing and Environmental Research**, Vol 5, No.1, Delft University Press.

Bramley, G. (1994) **The Housing and Planning Relationship**, paper presented to the Housing Studies Association Autumn Conference 1994.

Brindley, T., Y.Rydin and G.Stoker (1989), **Remaking Planning**, London: Unwin Hyman.

Brown, T., J.Findley, M.Hill, C.Joliffe, M.Oxley, Y.Rydin, (1984) **Housing Land in Urban Areas**, Working Paper No.1, Department of Land Management, Leicester Polytechnic.

Brussaard, W. (1986) **The Rules of Physical Planning**, Den Haag, Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer.

Bucher, H (1993) Die Außenwanderbeziehungen der Bundesrepublik Deutschland, **Raumforschung und Raumordnung**, Heft 5, pp.254 - 264.

Buijs, S. (1993) Urbanization alternatives in the 4th Report on Physical Planning, **Netherlands Journal of Housing and the Built Environment**, Vol 7, No.2, Delft University Press.

Burns, L.S., and L. Grebler (1967) **The Housing of Nations**, London: Macmillan.

Cadman, D and L. Austin-Crowe (1978) **Property Development**, London: Spon.

Canter, D. (1983) The Potential for Facet Theory for Applied Social Psychology - **Quality and Quantity**, 17, pp.35 -67, Elsivier Scientific Publishing Company, Amsterdam.

Carter, N., and T.Brown (1991) Local housing policies and plans in England, **Local Government Policy Making**, Vol 17, No 4, Longman, pp. 44-49.

Carter, N., Brown, T. and Abbott, T. (1993) The Relationship between Expenditure-based Plans and Development Plans: with Specific Reference to Housing, **Progress in Planning**, Vol 39, No.1, pp.1-69.

Carter, N., T.Brown and M.Hill (1986) **The Private Housing Development Process**, Department of Land Management, Leicester Polytechnic.

CBS (Central Bureau of Statistics), **Maandstatistiek Bouwnijverheid**, Voorburg, Den Haag.

Chiddick, D., and M. Dobson (1986) Land for Housing - Circular Arguments, **The Planner** March 1986, London: Royal Town Planning Institute, pp. 10-13.

Clarke, R. (1985) **Industrial Economics**, Basil Blackwell.

Cole, G. (1994) **Minder**, ITV Television.

Coles, A. (1991) **Housing Finance**, August 1991.

Conran Roche (1989) Costs of Residential Development: Final Report prepared for the Department of the Environment, London: Conran Roche; attributable to: Barlow, J (1993) Controlling the Housing Land Market: Some Examples from Europe, **Urban Studies**, Vol 30, No.7, pp. 1129-1149.

Contract Journal (1994) **The Cost of being British,** Contract Journal 14th July, 1994, pp.12-13.

Corner (1991) Local Authority Housing Statistics, in Ed: Champion, T. **Population Matters**, Newcastle, Atheneum Press.

Crouch, C. (1993) Co-operation and competition in an Institutionalized Economy: the case of Germany, in Eds: Crouch, C. and S. Marquand, **Ethics and Markets**, Blackwell Publishers.

Dallmayr, F.R. (1982) The Theory of Structuration: a Critique, in Ed: Giddens, A. **Profiles and Critiques in Social theory**, Basingstoke: Macmillan Press.

Davies, H.W.E. (1989) The Netherlands, in Ed: Davies H.W.E. **Planning Control in Western Europe**, HMSO.

De Groot, (1995), *Interview*, 11th April 1995, De Groot and van Oome, Bouw en Aanehmingsbedrijf, Rotterdam, the Netherlands.

Der Spiegel (1994) **Karl. R. Popper; 1902 bis 1994; Nachruf**, Vol 39.

Dieterich, H. (1994) *Interview*, 6th October 1994, University of Dortmund, Germany.

Dieterich, H., E. Dransfeld and W. Voss (1993), **Germany: Urban Land and Property Markets**, London: U.C.L.Press.

D.o.E. (Department of the Environment), (1974) **Land**, Cmnd 5730, London: HMSO.

D.o.E. (Department of the Environment) (1975) **Community Land - Circular 1: General Introduction and Priorities**, paragraphs 11-14, Circular 121/75, London: HMSO.

D.o.E. (Department of the Environment) (1977) **Housing Policy: a consultative document** Cmnd 6851, London: HMSO.

D.o.E. (Department of the Environment) (1980) **Land for Private Housebuilding** - Circular 9/80, London: HMSO.

D.o.E. (Department of the Environment) (1980a) **Development Control Policy and Practice** Circular 22/80, London: HMSO.

D.o.E. (Department of the Environment) (1984) **Land for Housing** Circular 15/84, London: HMSO.

D.o.E. (Department of the Environment) (1984) **Memorandum on Structure and Local Plans** - Circular 22/84, London: HMSO.

D.o.E. (Department of the Environment) (1985) **Development and Employment** Circular 14/85, London: HMSO.

D.o.E. (Department of the Environment) (1987) **Housing: the Governments' Proposals**, September 1987, Cmnd 214, HMSO.

D.o.E. (Department of the Environment) (1989), **Planning control in Western Europe**, London: HMSO.

D.o.E. (Department of the Environment) (1991), **Planning and Affordable Housing**, London: HMSO.

D.o.E. (Department of the Environment) (1992), **Planning Policy Guidance Note 3**, Paragraph 5-045, HMSO.

D.o.E. (Department of the Environment) (1995), **Our Future Homes**, HMSO.

D.o.E. (Department of the Environment) **Housing and Construction Statistics**, HMSO.

D.o.E. (Department of the Environment) (1994) **Disposal of land for less than the best consideration that can reasonably be obtained - Guidance for Authorities**, Circular 6/93, London: HMSO.

Donnison, D. and C. Ungerson (1982) **Housing Policy**, Harmondsworth, Penguin.

Dordredgder, P.H. and J.M.Rijckevorsel (1995), Gemeenten machteloos op dynamische grond markt, **Ruimtelijke Ordening**, May/June 1995.

Duncan, S. and J.Barlow (1988) The Use and Abuse of Housing Tenure, **Housing Studies**, Vol 3, No.4, Longman, pp. 219-231.

Dunsire, A. (1978) Implementing in a Bureaucracy, Oxford:Martin Robertson.

Duvigneau, H.J. and B. Schöneveld (1989) **Social housing policy, Federal Republic of Germany**, Brussels (c.o.f.a.c.e. document).

Easton, D. (1953) **The Political System**, New York: Knopf.

Eisel, D. (1993) **Statistiches Bundesamt**, Wiesbaden, Germany.

Ellison, R. (1993) Department of the Environment (D.o.E).

Emms, P. (1990) **Social housing in Europe: a European dilemma?**, SAUS, University of Bristol.

Epsing-Andersen, G (1990) **The Three Worlds of Welfare Capitalism**, Cambridge: Polity Press.

Ernst, W. (1991) **Zur geschichtlichen Entwicklung der Raumordnung, Landes und Regionalplanung in der Bundesrepublik Deutschland**, Verlag der ARL, Hannover.

European Commisson, (1994) **European Economy**, E.C.

Facione, P.A. (1994) **The Students Guide to Philosophy**, USA: Mayfield Publishing Company.

Faludi, A. (1989) Keeping the Netherlands in shape, **Built Environment** Vol 15, No.1, Alexandrine Press, pp.5-10.

Fleurke F, and de Vries, P (1990) Decentralizing Public Housing in the Netherlands, **Netherlands Journal of Housing and Environmental Research**, Vol 5, No.1, Delft University Press, pp.29-46.

Form, W.H. (1954), in Ed: Murray Stewart, The Open University.

Forrest, R (1995) Editorial comment, **European Network for Housing Research Newsletter, 3/95.**

Frank, K. (1978) **Planungswörterbuch des Deutschen Verbandes für Wohnungswesen, Städtebau und Raumplanung**; Handlexicon für Bauherren, Hauskäufer und Wohnungseigentümer, Goldmann Ratgeber.

Fuerst, J.S. (1974) **Public Housing in Europe and America**, London: Croom Helm.

Fürst, D. and E.H.Ritter (1993) **Landesentwicklungsplanung und Regional planung; ein verwaltungswissenschaftlicher Grundriß**, Werner Verlag.

Gee, C. (1994) *Interview*, 26th June 1994, University of Vaihingen, Baden Württemburg, Germany.

Gladdish, K (1991) **Governing from the Centre**, Routlege.

Gibb, K and M. Munroe (1991) **Housing Finance in the UK: an Introduction**, Basingstoke: Macmillan Education.

Giddens, A. (1979) **Central Problems in Social Theory: Action, Structure and Contradiction in Social Analysis**, London: Macmillan.

Giddens, A. (1984a) **Capitalism and the modern social theory: an analysis of the writings of Marx, Durkheim and Max Weber**, London: Cambridge University Press.

Giddens, A. (1984b) **The Constitution of Society**, London: Polity Press.

Gillen, M. (1994) **Volume House Building Companies: Identification and Economic Influence**, paper presented to the European Network for Housing Research Conference, Glasgow, Scotland 29th August - 2nd September 1994.

Golland, A., N.Carter and M.Oxley (1994) Stuttgart makes adjustment to regional planning machine, **Planning**, Vol 1078, Gloucester: Ambit Publishing Limited,.

Golland, A. (1996 forthcoming) Housing Supply, Profit and Housing Production: the case of the United Kingdom, the Netherlands and Germany, **Netherlands Journal of Housing and the Built Environment**, Vol 1, Delft University Press.

Golland, A., M.Oxley and N.Carter (1996) Private Housing Development in the United Kingdom: Future Indications from Europe, **Property Review**, Vol 2, 1996, Eclipse Group Publishing.

Goodchild, R. and R.Munton (1985) **Development and the Landowner**, London: Allen and Unwin.

Gruchy, C. (1977) **Germany: comparing Economic systems: competing ways to stability, growth and welfare**, Houghton: Mifflin Company.

Hafner, T. (1994) *Interview*, 22nd June 1994, Städtebauliches Institut, University of Stuttgart, Germany.

Hallett, G. (1973) **Regional Policy for ever; essays on the history and political economy of 40 years of regionalism**, London: Institute of Economic Affairs.

Hallett, G. (1977) **Housing and Land Policies in West Germany and Britain**, London: Macmillan.

Hallett, G. and R.H. Williams (1988) in Ed: Hallett, G., **Land Policy in Europe and the USA**, London: Routledge.

Hallett, G. (1990) West Germany, in Ed: Graham, A and A. Seldon, **Government and Economies in the post-war world: Economic policies and comparative performance** 1945 - 1985, Routledge.

Ham, C. and M.Hill (1984) **The Policy Process in the Modern Capitalist State**, Hemel Hempstead:Harvester Wheatsheaf.

Hamersveld, van, J.J. and O.E. de Vries (1993) **Van grondbeleid naargrondexploitatie; produktiekosten en marktwaarde van bouwgrond**, Vereniging van Nederlandse Gemeenten, Den Haag: VNG-Uitgeverij.

Hands, D. and B. Yendole (1992) Planning: Development still favoured - presumably?, **Estates Gazette**, Edition 9243, London: Reed Publishing.

Harloe, M. (1988) The Changing role of Social Rented Housing, in Ed: Ball, M., M.Harloe and M.Martens, **Housing and Social Change in Europe and the USA**, London: Routledge.

Harvey, J. (1987) **Urban Land Economics: the Economics of Real Property**, Basingstoke: Macmilllan.

Hatim, B. and I.Mason (1990) **Discourse and the Translator**, Longman.

Healey, P. and S.Barrett (1990) Structure and Agency in Land and Property Development Processes: some ideas for Research, **Urban Studies**, Vol 27, No 1, pp. 89-104.

Healey, P (1991) Models of the Development process: a Review, **Journal of Property Research** Vol 8, No.3, E.F. & N. Spon, pp. 219-238.

Healey, P. (1992) Development Plans and Markets, **Planning Practice and Research**, Vol 7, No 2, London: Pion Limited.

Heidenheimer, A.J., H.Heclo and C.Teich-Adams (1990) **Comparative Public Policy; the Politics of Social Choice in America, Europe and Japan**, New York: St Martins Press.

Hillebrandt, (1985) **Economic Theory and the Construction Industry**.

Hooper, A.J. (1986) Land availability studies and private housebuilding, in Ed: Barrett, S. and P.Healey, **Land Policy; problems and alternatives**, Gower Publishing.

Hooper, A.J. (1989) Federal Republic of Germany, in Ed: Davies, H.W.E., **Planning Control in Western Europe**, HMSO.

Hooper, A.J. (1992) The construction of theory: a comment, **Journal of Property Research**, Vol 9, London: E.and F.N.Spon, pp. 44-48.

Hospers, J (1970) **An Introduction to Philosophical Analysis**, Routledge and Kegan Paul Ltd.

Hughes, J (1990) **The Philosophy of Social Research**, Harlow: Longman.

Hulchanski, D. (1994) The Concept of Housing Affordability: Six Contemporary Uses of the Housing Expenditure-to-Income Ratio, **European Network for Housing Research Conference**, Glasgow September 1994.

Imming (1993) **Statistisches Bundesamt**, Wiesbaden, Germany.

Inside Housing (1994) **Dutch have courage to go it alone**, 27th May 1994, London: Inside Communications Limited.

Jenkis, H. (1994) Die Wohnungsbaufinanzierung; Die Entwicklung der marktwirtschaftlichen Wohnungsbaufinanzierung bis heute, in Ed: Jenkis, **Kompendium der Wohnungwirtschaft**, Oldenbourg.

Jaedicke, W. and H.Wollmann (1990) in Ed: Vliet van, W. **The International handbook of housing policies and practice**, New York, Greenwood Press.

Joseph Rowntree Foundation (1994), **Inquiry into Planning for Housing**, Joseph Rowntree Foundation.

Joseph Rowntree Foundation, (1995), Housing demand and need in England 1991 -2011 (Holmans A.), **Findings** No. 157, Joseph Rowntree Foundation.

Kaplan, A. (1968) Postivism, **International Encylopaedia of Social Sciences**, Volume 12, Crowell, Collier and Macmillan.

Kavanagh, D. (1990) **British Politics - Continuities and Change**, Oxford University Press.

Kemeny, J. (1987) Towards theorized housing studies: A counter-critique of the Provision Thesis, **Housing Studies**, Vol 2, No.4, pp.249-260.

Kemeny, J (1994) **Understanding European Rental Systems**, Working Paper, No 120, SAUS, Bristol.

Kimminich, O. (1986) Town and Country Planning in the Federal Republic of Germany, in: Garner: **Planning law in Western Europe**, North Holland Publishing.

King, P. (1995) **Introduction to Social Science Methods and Perspectives**, Department of Land Management, De Montfort University.

King, D (1993) Demography and house building needs; a critique of the demographic bulldozer scenario in Ed: Champion, T., **Population Matters**, Newcastle; Athenaeum Press.

Kirchner, J. and H.Sautter (1993) Kommunale Wohnungspolitik, in Ed: Roth/Wollmann, **Kommunalpolitik; Politisches Handeln in den Gemeinden**, Bundeszentrale für politische Bildung.

Klaren, H.H. and J. Verpalen (1989) **Position Paper for the Netherlands, Project Group on Urban Land Markets**, Organization for Economic Co-operation and Development.

Kühne-Büning, L (1991) Wohnungswirtschaft und Konjunktur, in Ed: Jenkis, **Kompendium der Wohnungwirtschaft**, Oldenbourg.

Kunzmann, K.R. (1984) Germany, in Ed: Williams, R. **Planning in Western Europe**.

Lauschmann, E (1991) Zur Bedeutung der Wohnungspolitik für die Regionalpolitik und Raumordnung, **Raumordnung und Raumplanung**, Heft 5, pp.289-295.

Leutner, B. and D.Jensen (1988) German Federal Republic, in Ed: Kroes, H., F.Ymkers and A.Mulder, **Between owner-occupation and rented sector**, pp.145-182.

Ligterink, R. (1993) **Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer** (MVROM).

Lijphart, J. (1968) **The Politics of Accommodation, Pluralism and Democracy in the Netherlands**, University of Cardiff Press.

Lipsey, R.G. (1973) **An Introduction to Positive Economics**, Weidenfeld and Nicolson.

Long, D. (1994) Department of the Environment (D.o.E).

Lösche, P. (1993) **Kleine Geschichte der Deutschen Partein**, Kohlhammer Verlag.

Loughlin, M. (1985) Apportioning the infrastructure costs of urban land development, in Ed: Barrett, S. and P.Healey, **Land Policy; problems and alternatives**, Gower publishing.

Maclennan, D. (1993) A more flexible housing system: the case for private renting., **Housing and Planning Review** Oct/Nov 1993, London: N.H.T.P.C., pp.13-14.

Malpass, P. (1986) **The Housing Crisis**, London:Croom Helm.

Malpass, P (1990) **Reshaping Housing Policy: Subsidies, rents and Residualization**, London: Routledge.

Malpass, P. (1992), in Ed: Birchall J, **Housing Policy in the 1990s**, Routledge.

Malpass, P. and A.Murie (1991) **Housing Policy and Practice**, Basingstoke: Macmillan.

Massey, D and A.Catelano (1978) **Capital and Land**, Edward Arnold, London, pp.171-4.

McCrone, G and M.Stevens (1995) **Housing Policy in Britain and Europe**, London; UCL Press.

Mitchell, W. (1968) Systems Analysis, **International Encyclopaedia of Social Science**, Volume 15, Crowell, Collier and Macmillan.

MVROM, (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer) (1974) **Nota Huur en Subsidie Beleid**, Den Haag: SDU-Uitgeverij.

MVROM, (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer) (1989) **Nota Volkshuisvesting in de Jaren Negentig; van bouwen naar wonen**, Den Haag: SDU-Uitgeverij.

MVROM (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer) (1991a) **Foreign land policy in a Dutch perspective**, MVROM, Den Haag.

MVROM (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer) (1991b) **Land Policy of the central government for house production since 1900**, MVROM, Den Haag.

MVROM (Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer) (1991c) **Grondprijzen en kavels 1991**, TAUW Infra Consult B.V.

Needham, B. (1988), in Ed: Hallett, **Land and Housing policies in Europe and North America: a comparative analysis**, London: Routledge.

Needham, B. (1992) A Theory of Land Prices when Land is Supplied Publicly: The Case of the Netherlands, **Urban Studies** 29 No.5, United Kingdom: Carfax Publishing, pp.669-686.

Needham, B., Kruijt, B. and Koenders, P. (1993) **Urban Land and Property Markets in the Netherlands**, London: UCL Press.

NVM (Nederlandse Vereiniging van Makelaars), **Intern**, NVM.

NWR (Nationale Woningraad) (1995) **Social Housing in the Netherlands**, NWR.

Oakes, G. (1978) **Estates Gazette**, Vol 245, Feb 11th 1978 , London: Reed Publishing.

Oakeshott, (1974) **Rationalism in Politics and other essays**, Methuen.

Oxley, M. (1987) The Aims and Effects of Housing Allowances in Western Europe, in Ed: Van Vliet, W, **Housing Markets and Policies under Fiscal Austerity**, London:Greenwood Press, pp.165-178.

Oxley, M. (1991) The Aims and Methods of Comparative Housing Research, **Scandanavian Housing and Planning Research** No.8, pp. 67-77.

Oxley, M. and J. Smith (1993) **Social housing in Europe**, Working paper of the School of the Built Environment, De Montfort University.

Oxley, M. and J. Smith (1994) Private rented housing in Europe, **Property Review**, April 1994, Eclipse Publishing Limited, pp.98-99.

Oxley, M., A.Golland, N.Carter and (1995) The case for more housing in the UK, based on European comparisons, **Housing and Planning Review**, Vol 50, No 1, February 1995.

Oxley, M. (1995) Book review, **Housing Studies**, Vol 10, No.5, pp.571-573.

Oxley, M (1995a) Private and Social Housing in Europe: Distinctions, Comparisons and Resource Allocation, **Scandanavian Housing and Planning Research**, Vol 12, Oslo: Scandanavian University Press, pp.59-72.

Pahl, R. (1977) Managers, technical experts and the state, in Ed: Harloe, M. **Captive cities**, John Wiley.

Papa, O. (1992) **Housing systems in Europe, Part 2: a comparative study of housing finance**, Delft University Press.

Popper, K. (1963) **Conjectures and Refutations**, London: Routledge.

Power, A. (1993) **Hovels to High-Rise; state housing in Europe since 1850**, London:Routledge.

Prest, A.R. (1981) **The taxation of urban land**, Manchester University Press.

Priemus, H. (1984) **Bouwproces en Woningbouwmarkt**, Volkshuisvesting in theorie en praktijk 5: Delft University Press.

Priemus, H. (1989) The Owner-occupied market in the Netherlands, **Housing Finance International**, May 1989.

Priemus, H. (1991) Economic and Demographic Stagnation, Housing and Housing Policy; The Case of the Netherlands (1974-1984), **Housing Studies**, Vol 2, No.1, Longman, pp. 17-27.

Priemus, H. (1993) *Interview*, 3rd February 1993, Delft University of Technology, Netherlands.

Priemus, H. (1995) How to abolish social housing? The Dutch case, **International Journal of Urban and Regional Research**, Vol 19, No 1, pp. 145-153.

Purdue, M (1994) **The Impact of Section 54A**, Journal of Planning and Environmental Law, London: Sweet and Maxwell, pp. 399-407

Renier, F.G. (1992) **Dutch Dictionary**, London: Routledge.

RICS (Royal Institution of Chartered Surveyors) **Building Cost Information Service**, RICS.

RDM (Ring Deutscher Maklers) (1995) **Preisspiegel**, Ring Deutscher Maklers.

Rietdijk, N. (1993) *Interview*, 4th February 1993, Market sector umbrella organization, Voorburg, Den Haag, Netherlands.

Ross, A.W. (1952) **Design for a Brain: The Origin of Adaptive Behavior**, New York: Wiley.

Royal Institution of Chartered Surveyors (RICS) (1994), **Building Cost Information Service**, RICS.

Rubel, M (1967) Karl Marx, **Encylopaedia of Social Sciences**, Volume 16, Macmillan and Free Press, pp. 34-37.

Ruonavarra, H. (1993) Types and forms of Housing Tenure: Towards solving the Comparison/Translation Problem, **Scandanavian Housing and Planning Research** Vol 10, Oslo: Scandanavian University Press, pp.3-20.

Saldern, von A. (1993) Geschichte der kommunale Selbstverwaltung in Deutschland, in Ed: Roth/Wollmann, **Kommunalpolitik; Politisches Handeln in den Gemeinden**, Bundeszentrale für politische Bildung.

Saunders, P. (1990) **A Nation of Home Owners**, London:Unwin Hyman.

Sayer, A (1995) **Radical political economy: a critique**, Oxford: Blackwell Publishers.

Schans, van der J.E. (1995) *Interview*, 12th April 1995, Rotterdam municipality, Netherlands.

Schmidt, S. (1989) Convergence Theory, Labour Movements and Corporatism: the Case of Housing, **Scandanavian Housing and Planning Research** No.6, Scandanavian University Press, Oslo: Scandanavian University Press, pp.83-101.

Schmitz, W. (1991) Der neue Bauherrenmodell-Erlaß in der Praxis, **Grundstückmarkt und Grundstückmarktwert** 3/91.

Scholland, R. (1987) Die Bedeutung der Funktionsweise des Bodensmarktes, **Allgemeines Vermessungsnachrichten**.

Simmie, J (1981) **Power, Property and Corporatism: the Political Sociology of Planning**, London: Macmillan Press.

Spaans, M., A.Golland and N.Carter (1996 forthcoming) Land Supply and Housing Development: a comparative analysis of Britain and the Netherlands, **International Planning Studies**, Carfax Publishing Company.

Stevens, P. (1994) Affordable Housing - DoE Policy under Threat, **Property Review**, March 1994, Eclipse Publishing Limited, pp.58-58

Thornley, A. (1991) **Urban Planning under Thatcherism: the challenge of the Market**, London, Routledge.

Thornley, A. (1993) Ideology and the By-passing of the Planning System: Case Studies of Canary Wharf and the Globe, Stockholm, **European Planning Studies**, Vol 1, No.2, 1993, pp.199-213.

Ulbrich, R. (1991), Die Bauherren als Anbieter, in Ed: Jenkis H, **Kompendium der Wohnungswirtschaft**, Oldenbourg.

United Nations, **Annual Bulletin of Housing and Construction Statistics**, United Nations.

Vermeer, J.(1994) *Interview*, 11th March 1994, Province of Den Haag, Netherlands.

Weber, M. (1947) **The Theory of Social and Economic Organization**, Free Press, Glencoe.

Werner, J.W. (1974) Trade Union Housing in Western Germany, in Ed: Fuerst, J.S. (1974) **Public Housing in Europe and America**, London: Croom Helm.

Wigmans, G. (1992) **Uiteenzetting Grondexploitatiebegroting**, Faculteit Bouwkunde, T.U.Delft.

Wigmans, G. (1993) *Interview*, 3rd February 1993, Faculty of Bouwkunde, University of Delft, the Netherlands.

Williams, R.H. and B.Wood (1994) **Urban Land and Property Markets: the UK**, London: University College Press.

Wonder, S (1973) **Living for the City**.

Zonneveld, W. (1989) Conceptual Complexes and Shifts in Post-War Urban Planning in the Netherlands, **Built Environment**, Vol 15, No.1, Alexandrine Press, pp. 40-47.

•

Appendix 1

KOSTEN, OPBRENGSTEN EN SUBSIDIES

Delfshaven Buitendijks

gemeente:	Rotterdam	oppervlakte:	138.510 m²
plan:	Delfshaven-Buitendijks	aantal woningen:	1.196
peildatum:	1-7-1985	fictieve eenheden/woning:	-
		aantal fictieve eenheden:	-

		NEGATIEF			POSITIEF		
		absoluut (ƒ)	%	ƒ/woning	absoluut (ƒ)	%	ƒ/woning
KOSTEN	- verwervingskosten	35.345.067	46%	29.553			
	- ophoging en/of sloopkosten	7.894.473	10%	6.684			
	totaal verwerving en bouwrijpmaken	43.339.540	56%	36.237			
	- openb.w. netto woongebied	10.481.969	14%	8.764			
	- openb.w. overig gebied	-	-	-			
	totaal openbare werken	10.481.969	14%	8.764			
	- omslagkosten	2.771.090	4%	2.317			
	- renteverlies	16.379.231	21%	13.695			
	- planvoorbereiding	4.159.191	5%	3.478			
	totaal diversen	23.309.512	30%	19.490			
TOTAAL KOSTEN		77.131.021	100%	64.491			
OPBRENGSTEN	- voorzieningen				522.268	1%	-
	- bedrijven/winkels				0	0%	-
	totaal niet-woningbouw				522.268	1%	437
	- 0% woningwet eengezins 0				-	-	-
	- 100% meergezins 1.196				15.169.382	28%	10.320
	- 0% premie eengezins 0				-	-	-
	- 0% meergezins 0				-	-	-
	- 0% vrije sektor eengezins 0				-	-	-
	- 0% meergezins 0				-	-	-
	totaal woningbouw 1.196				15.169.382	28%	12.683
	totaal bovenwijks				2.131.585	4%	1.782
TOTAAL OPBRENGSTEN					17.823.235	33%	14.902
SUBSIDIES	- lokatiesubsidies				1.702.179	3%	1.423
	- 80% regeling				33.896.858	63%	28.349
TOTAAL SUBSIDIES					35.599.037	67%	29.772
TOTAAL		77.131.021	100%	64.491	53.422.272	100%	44.674